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SALE OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

HEARING

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

S. 1027

A BILL TO AMEND TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

MARCH 24, 1961

Printed for the use of the Committee on Agriculture and Forestry

U.S. GOVERNMENT PRINTING OFFICE
67690 WASHINGTON : 1961

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SALE OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

FRIDAY, MARCH 24, 1961

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING, AND STABILIZATION OF PRICES
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:30 a.m., room 324, Old Senate Office Building, Washington, D.C., Senator Olin D. Johnston presiding.

Present: Senator Johnston and Senator Young of North Dakota.

Senator JOHNSTON. The Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices will come to order.

We have before us this morning S. 1027, which is a request bill, and would authorize the expenditure of additional funds under Public Law 480. A statement from the Department of Agriculture requests this particular legislation, and I ask that it be made a part of the record. This letter was dated February 16, 1961. Also, I ask that the bill be printed in the record at this point.

(S. 1027 and the letter dated February 16, 1961, are as follows:)

[S. 1027, 87th Cong., 1st sess.]

A BILL To amend title I of the Agricultural Trade Development and Assistance Act of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years."

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 16, 1961.

PRESIDENT OF THE SENATE,
U.S. Senate.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill to provide an increase of $2 billion in the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.), for calendar year 1961.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. The title I authorization currently provides for sales of $1.5 billion at cost to the Commodity Credit Corporation for each of calendar years 1960 and 1961 plus any unused amounts from previous authorizations.

The past administration, in a letter dated January 9, 1961, addressed to you from Clarence L. Miller, then Assistant Secretary of Agriculture, submitted a request for an increase of $1.1 billion to the current title I authority for calendar year 1961.

As you know, President Kennedy appointed a Food for Peace Committee to make an analysis of current legislative programs and report its findings and recommendations on how to shift from the concept of surplus disposal to utilization of our abundant food supply to help raise the living and nutritional standards of peoples here at home and abroad.

The Committee has submitted the recommendations and they are now under study. One of the recommendations provides for an immediate authorization of at least $2 billion for the balance of calendar year 1961 under title I of Public Law 480.

Additional new requests have been received and new information has developed indicating that a $2 billion authorization would more effectively meet title I programing requirements during calendar year 1961 than would the $1.1 billion request submitted earlier. Thus, the administration accepts this recommendation and reemphasizes the urgent need for immediate action. Only a small amount of the current funds remain uncommitted. We are now in position in our programing where these remaining funds are becoming so limited that it may be necessary to inform foreign governments that their current requests may have to be deferred. Therefore, it is imperative that Congress be asked to take prompt action to consider a bill for additional funds.

We recommend that any other amendments to this act be considered in separate legislation at a later date.

Enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1962. The program costs of $1.6 billion estimated for the fiscal year 1962 takes into account the proposed additional authorization.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House.

Sincerely yours,

Orville L. Freeman.

Senator Johnston. Now, as you will notice here, additional funds would be authorized for sales of surplus commodities for foreign currencies.

I understand that we have with us this morning some witnesses who will appear, I imagine, in favor of this legislation and some who will possibly offer amendments. They will be here to enlighten us, to say the least.

I would like to say at the beginning of this hearing that the House has had extended hearings on this matter, and I am going to ask the subcommittee to please study the records of the House, as it will expedite matters, I think, a great deal in our own considerations. From our study we will see better what is best for us to recommend to the full committee.

Senator Young of North Dakota. Mr. Chairman, do we have many who have asked to be heard?

Senator Johnston. Not of this bill; no. I notice we apparently have only four witnesses here this morning. The first one we will hear is Robert C. Tetro, Administrator, Foreign Agricultural Service, U.S. Department of Agriculture.

We are glad to have you with us this morning and you may proceed just as you see fit to enlighten us.

STATEMENT OF ROBERT C. TETRO, ADMINISTRATOR, AND RAYMOND A. IOANES, DEPUTY ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. Tetro. Thank you, sir. We have a brief statement which I would like to read, Senator.

Mr. Chairman and members of the committee, I welcome this opportunity to support S. 1027, which would provide the increase of

$2 billion in the title I, Public Law 480, program recommended by the Department for the balance of calendar year 1961.

We have committed in signed agreements all about $150 million of the present $9.25 billion title I funds authority. Programs in negotiation and in various stages of development far exceed this balance. We have reached the point where we are withholding programs from negotiation until additional funds are provided.

Therefore, we urge that this committee give prompt consideration to the $2 billion increase and that the Congress take final action on S. 1027 as quickly as possible.

For calendar years 1960 and 1961 the amount of title I funds available for programing totaled more than $3.5 billion. This amount included the $1.5 billion furnished for each of these 2 years plus about $500 million in unused funds carried over from previous authorizations.

In each of calendar years 1960 and 1961 we have entered into title I agreements for about $1.7 billion. The largest single agreement during this period was the 4-year program concluded with the Government of India which will result in the export of 600 million bushels of wheat and 22 million bags of rice. This agreement committed about $2.1 billion of the $3.4 billion programed during this 2-year period.

Our programing plans for the $2 billion increase are as follows:

There are a few small programs which the Department has already approved. We are awaiting the new authorization to place them into negotiation. These programs total about $50 million.

Senator YOUNG of North Dakota. Are you asking for $2 billion for the rest of this fiscal year?

Mr. TETRO. For the rest of this calendar year.

Senator YOUNG of North Dakota. The calendar year?

Mr. TETRO. Yes, sir.

Senator JOHNSTON. When you say "calendar year" you mean 1961?

Mr. TETRO. Yes, sir.

Senator JOHNSTON. Through December?

Mr. TETRO. Through December; yes, sir.

We have received a number of firm requests for programs from countries such as Pakistan, China, and Indonesia which are now being developed by the Department. These programs, expected to total about $1.25 billion, include a 4-year proposal for Pakistan of nearly $1 billion.

We have had preliminary discussions with a number of countries in advance of formal country requests. These programs involve such countries as Chile, Israel, Paraguay, the United Arab Republic, and Poland. It also includes a possible negotiation of a multiyear agreement with the Government of Brazil as a result of the special food for peace mission to Latin America. These programs are expected to total about $600 million.

These planned programs will use the great bulk of the $2 billion authorization we are requesting today. Later in this session of Congress recommendations will be submitted for the continuation of the program beyond the present expiration date of December 31, 1961.

Poor crop conditions abroad have resulted in increased need of commodities under title I in many countries. In addition there is increasing interest in longer-term commodity agreements by underdeveloped countries having large food deficits.

Multiyear title I agreements such as the 4-year agreement concluded with the Government of India last year assure the availability of adequate supplies of such food-deficit countries.

It lets them plan commodity procurement and shipment over longer periods and conduct such operations more effectively; it permits maximum use of facilities to receive, store, and distribute commodities; it allows coordination of import programs with local production; and it supports long-range plans for total economic development.

At this point, Mr. Chairman, I want to emphasize the administration's position on farm abundance. The President has taken leadership in making Public Law 480 programs a vital force for peace purposes. In his farm message last week he stated that a number of steps had already been taken toward greater utilization of our agricultural abundance both at home and overseas and that this abundance can contribute to the well-being and stability of underdeveloped nations.

We believe U.S. farm productivity is a national blessing. The American farmer is efficient and productive. And this capacity offers great opportunities to feed needy people in this country, particularly in depressed areas. There is also great opportunity to attack, in cooperation with other countries, hunger and malnutrition overseas.

We are using U.S. farm products to help shape national and international policy. This is a positive policy and has been developed under the foreign policy leadership of the State Department. We have buried the dilemma of surpluses—we recognize our agricultural abundance as a national asset and seek its maximum use.

We must take a more careful look ahead at the continuing needs of underdeveloped countries and our own ability to supply these needs. In short, we must develop a world food budget and a national food policy geared more effectively to meet food requirements. This, the Secretary is already undertaking.

Our efforts to make greater use of U.S. agricultural commodities are reflected in title I, Public Law 480 program operations. Commodities are now moving abroad in record volume and we believe that title I exports for the current fiscal year will be the largest on record.

These exports are in addition to our sales abroad for dollars which are at a very high level. Next year we expect shipments to be even larger. Increased movements, of course, are dependent upon enactment of the additional authority we are requesting today.

A brief reference to the volume of exports best illustrates the commodity impact of title I. Total U.S. exports of wheat for the year ending June 30 will reach about 600 million bushels, more than half of which will move under title I.

Rice exports should reach 20 million bags and vegetable oil exports should total 1.6 billion pounds; again more than half of these quantities will move under title I. Title I feed grain and cotton exports, although not as significant in total U.S. agricultural exports, continue in important volume.

Senator Young of North Dakota. May I interrupt at this point to ask a question?

Senator Johnston. Yes.

Senator Young of North Dakota. How many bushels of feed grain

have you exported in a given period such as last year, that is, corn, barley, et cetera?

Mr. IOANES. The total exports?

Senator YOUNG of North Dakota. The total number of bushels of barley, corn, et cetera.

Mr. IOANES. I can't give you the figure offhand for each one, but it would be at least 450 million bushels, including corn, sorghum, oats, and barley.

Mr. TETRO. More than half of that would be corn.

Mr. IOANES. About 250 million would be corn.

Senator YOUNG of North Dakota. Bushels of corn? In what period?

Mr. IOANES. In the fiscal year 1959–60.

Senator YOUNG of North Dakota. That is a great increase over the previous year?

Mr. TETRO. Yes.

Mr. IOANES. Our feed grain exports have just about tripled in the space of 5 or 6 years.

Senator YOUNG of North Dakota. Thank you.

Senator JOHNSTON. What price is being received in payment by the Government?

Mr. TETRO. I beg your pardon?

Senator JOHNSTON. Are we receiving pay for all of it?

Mr. TETRO. No.

Mr. IOANES. You are talking about feed grains?

Senator JOHNSTON. How is it disposed of?

Mr. IOANES. The bulk of the feed grain exports are sold for dollars.

Senator YOUNG of North Dakota. Subsidized?

Mr. IOANES. In most cases there is an export payment made to bring the price down to the world level. Actually, this has not been a very great cost.

I would guess that the loss to the Government on these dollar sales has been, perhaps, as little as 5 percent in terms of what the commodities are worth on the domestic market.

So the answer is, Senator, of the number I gave you, roughly 450 million bushels, most of it has been sold for dollars and where there has been a subsidy, it has been nominal.

Senator JOHNSTON. We understand that we have to pay a subsidy to get rid of it. We know that, but I wanted to know the price at which we are selling it. What are we getting for it?

Mr. IOANES. Mostly for cash.

Mr. TETRO. Mostly for cash and the feed grain subsidies are relatively small.

At times, in some grains we don't even have to use it. The other figure is here, sir. Feed grain exports this year under title I, Public Law 480 should run about 70 million bushels and cotton exports would total 1.2 million bales.

That 70 million bushels would compare to the 450-million-bushel total feed grain figure. Most of it actually went out through the normal commercial channels. In some cases a subsidy is paid.

Mr. IOANES. Could I interrupt to go back to the question about feed grains. The export figure for feed grains last year was almost 500 million bushels instead of 450.

Mr. TETRO. We are also developing programs to make available

a wider variety of commodities, for example, poultry, to upgrade the diets of needy people abroad.

I also want to make clear that the Department's main emphasis is to sell agricultural commodities commercially for dollars. Of total U.S. agricultural exports, about 70 percent is sold for dollars and only the remaining 30 percent is financed through special export programs, principally Public Law 480.

Senator JOHNSTON. Now, is this 30 percent of our farm exports?

Mr. TETRO. Yes, sir, of total exports.

Senator JOHNSTON. If you get this authorization, what percentage do you expect?

Mr. TETRO. Well, we would expect, sir, that the cash sales would also move up and that the percentage for special programs would remain about the same, roughly 30 percent.

Senator JOHNSTON. So the Public Law 480 program encourages dollar sales, too?

Mr. TETRO. Yes, sir. The basic principle of the title I operation is not to interfere with either U.S. commercial sales or those of friendly countries.

This is what we were trying to say here, that we still make commercial sales for dollars.

Senator JOHNSTON. Public Law 480 sales are more or less additional to it or supplementary to regular commercial sales?

Mr. TETRO. Yes, sir.

Mr. IOANES. I would like to add something there, Mr. Chairman. You are getting at the effect that Public Law 480 has in encouraging dollar exports.

Senator JOHNSTON. That is right.

Mr. IOANES. I think there are two cases that would exemplify this. One would be the increase in sales of poultry which has occurred in recent years. One of the big factors in getting that started was a sale under Public Law 480 of a small amount of poultry to Germany. This was followed by trade promotion programs and converted the whole thing to a very large cash export market.

Today we are exporting close to 200 million pounds of poultry a year and just about every pound of it is sold for dollars.

Senator YOUNG of North Dakota. Without subsidies?

Mr. IOANES. Without any subsidy. A second example that is current is the very large sale of wheat this year to both Italy and Spain.

In the past we sold Public Law 480 wheat to these countries. They both have remembered that we have good wheat and this year, between those two countries, they will probably buy somewhere between 1½ and 2 million tons of wheat for dollars. That is between 55 and 75 million bushels for dollars.

These are two examples of how Public Law 480 has helped sell commodities for dollars.

Mr. TETRO. Public Law 480 serves as a large and supplementary means for the Department to expand foreign markets for U.S. agricultural commodities.

Total agricultural exports for the year ending June 30 are expected to exceed the record of $4.7 billion established in fiscal year 1957. The 1957 record was stimulated by the Suez crisis. The volume of exports will also establish a new record—a high level of shipments is expected for wheat, cotton, rice, vegetable oils, tobacco, soybeans, and poultry. Our promotion of commercial sales for dollars, along

with greater emphasis on feeding needy people through special export programs such as Public Law 480, gives promise for continuing high agricultural export totals.

We believe that there are a number of changes in Public Law 480 which should be considered and are preparing recommendations for consideration later this year.

In other words, the basic authority runs out at the end of the year. We would hope that the Congress will extend that authority in some way and we will have a proposal that will be brought before this committee.

I am sure that this committee also has some changes in mind. The need for additional title I funds is so urgent, however, that we recommend you defer action on amendments to the act at this time. We will join with you in seeking the best ways and means for making Public Law 480 a sounder and more valuable program to use agricultural commodities.

We will be glad to respond to any questions you may have concerning this statement and furnish additional information for the record.

Thank you, sir.

Senator JOHNSTON. I believe in the letter, or somewhere else, I saw that you already have requests for Public Law 480 contracts that would include the additional amount that you are asking for at the present time.

Is that right?

Mr. TETRO. Yes, sir. The figure, roughly $1.9 billion, is the total of these programs that we are considering or expecting at this time.

Senator JOHNSTON. Do you have that broken down to show to the committee just where that is and what it concerns?

Mr. TETRO. We can do part of this, Mr. Chairman.

Senator JOHNSTON. Well, if you can't now we would like to have that for the record. I know I would.

Senator YOUNG of North Dakota. Yes.

Mr. TETRO. Mr. Chairman, we have given illustrative countries in the prepared statement except for the $50 million in programs which are approved for negotiation pending a new authorization. Pakistan if the big program in the $1.25 billion group and we mentioned several countries for the last $600 million. Many of these are in various stages of development and for some countries there are not formal requests.

It might be better not to give some of the details of the country requests, but we would be very happy to give you a statement of the total commodities that are affected by this $2 billion.

Is that what you would like, sir?

Senator JOHNSTON. Yes. Of course, we are interested in all of the commodities but, naturally, one of the things that this committee is much interested in is the trying to dispose of some of our surpluses of specific commodities. We certainly would like to have information regarding these commodities.

Of course, naturally, in my own area we do not have such a large amount. I notice you mentioned tobacco and, naturally, I would be interested in that, but I think the committee, as a whole would be more interested in wheat and corn and some other commodities which are in surplus.

Mr. TETRO. Well, Mr. Chairman, we can give you this kind of a picture because it would not be related to countries. I have it here and

will submit it for the record. If you would like to know the magnitudes: wheat and wheat flour total 425 million bushels; feed grains, 45 million bushels; milled rice, 10.5 million hundredweights; cotton (upland), 1.1 million bales; long staple cotton, .05 million bales; tobacco, all types, 30 million pounds; nonfat dry milk, 80 million pounds; vegetable oils, 950 million pounds; and then a group of tallow, lard, meat, and poultry products and fruit, which would be $25 to $50 million and about $180 million in ocean transportation costs.

Now, would you like this for the record?

Senator JOHNSTON. Yes. That should become a part of the record, the various commodities and the amount.

(The list referred to follows:)

Commodities expected to be programed from $2 billion authorization

Commodity:	Quantity
Wheat and wheat flour	425,000,000 bushels.
Feed grains	45,000,000 bushels.
Rice (milled)	10,500,000 hundredweight.
Cotton (upland)	1,100,000 bales.
Cotton (extra long staple)	50,000 bales.
Tobacco	30,000,000 pounds.
Nonfat dry milk	80,000,000 pounds.
Vegetable oils	950,000,000 pounds.
Non-price-support (tallow, lard meat and poultry products, fruit).	$25,000,000 to $50,000,000 worth.
Ocean transportation	$180,000,000 worth.

Senator YOUNG of North Dakota. Could I ask a question at this point?

Senator JOHNSTON. Yes. Proceed.

Senator YOUNG of North Dakota. Are you familiar with Durum wheat, the type of wheat from which they make macaroni and spaghetti?

Mr. TETRO. Yes, sir.

Senator YOUNG of North Dakota. What I would like to have you do is make some kind of a study to find out how much demand there would be for this type of wheat in foreign countries.

This is a product the production of which we could expand, particularly in my area. I would like to know what potential export market we would have for this if our production was expanded. Would that be possible?

Mr. TETRO. I will certainly be very happy to do that. As you know, so far it has been mostly the whites, the Hard Reds and Soft Reds that have moved. But we would be very happy to take a look at the export possibilities of Durum wheat. This will take more time than you have for insertion in the record.

But may we submit this to the committee as a special study?

Senator YOUNG of North Dakota. Yes; and send me a copy.

Mr. TETRO. Yes, sir.

Well, Senator, Durum has not been included under title I. We have not programed it. But we will prepare a study as to its general export possibilities.

Senator YOUNG of North Dakota. Well, Durum wheat has only recently been declared surplus and eligible for export subsidy. So it has not been affected until recently.

Senator JOHNSTON. Do you have any trouble in disposing of large amounts of flour? The reason I ask you that is because millers give

employment here in the United States in preparing it and getting it ready for human consumption.

What percentage goes over in the form of flour and what percentage of wheat in just the raw grain?

Mr. TETRO. Well, Mr. Chairman, the amount of total U.S. flour exports have increased year by year. There is a problem that some of the smaller countries have built their own milling facilities.

I think we have exact figures on what our title I program does involve which we can give you.

Mr. IOANES. Yes; I have the figures here for title I.

These are the figures per year beginning with fiscal year 1957. I will just round out the numbers.

In fiscal year 1957, 146 million pounds; in fiscal year 1958, 33 million pounds; in fiscal year 1959, a jump to 426 million pounds; in fiscal year 1960, almost a billion pounds. And in the first half of the current fiscal year 570 million pounds. This last figure is for the 6-month period.

So that it has increased tremendously under title I as we have moved ahead.

Senator JOHNSTON. Thank you.

Mr. IOANES. This is title I flour. And I would say that, in general, the use of flour under all of these programs has increased as we have moved along. This, as I said at the beginning, is title I only.

But, as the Administrator has said, we will furnish the total figures for the record, but I am sure you will find that the totals have been moving up steadily.

Senator JOHNSTON. I think that is an interesting fact to know, because that is really good for the United States.

(The information referred to above is as follows:)

Total U.S. flour exports by fiscal years have been as follows:

Fiscal year:	*Pounds (in billions)*
1955	2. 0
1956	2. 1
1957	3. 1
1958	3. 4
1959	3. 5
1960	3. 9

Senator JOHNSTON. Do you have any other questions?

Senator YOUNG of North Dakota. No, I don't think so.

Senator JOHNSTON. Do any of the staff have any questions?

That is all, I guess, unless you want to make some additions to your statement. Do either one of you wish to do that?

Mr. TETRO. No, sir.

Senator JOHNSTON. I believe it is understood that you will furnish us with some tables, showing the various countries and the amounts that they have imported into their country of different commodities?

Will you prepare that for us?

Mr. IOANES. All right.

(The information is as follows:)

Table I shows the dollar value of commodities included in title I, Public Law 480 agreements since the inception of the program in 1954, through December 31, 1960. As of December 31, 1960, about 88 percent of the market value of these agreements had actually been exported although the percentage by commodity and by country will, of course, vary.

Table II shows by country the market value programed and the value of actual exports as of December 31, 1960.

Table III shows shipments by commodity and by fiscal year through December 31, 1960.

TABLE I.—*Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1954, through Dec. 31, 1960*

[In millions of dollars]

Country [1]	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total: Market value	Total: Ocean transportation [2]	Total: Market value including ocean transportation	Total: Estimated CCC cost including ocean transportation
Argentina			0.3				29.6		29.9	0.8	30.7	35.9
Austria	6.9	15.7		10.1	4.8		2.4	0.2	40.1	3.3	43.4	61.0
Brazil	183.3	.6			.7	2.2	4.1		190.9	23.0	213.9	334.0
Burma				32.0	2.8	2.1	1.8	.1	38.8	1.8	40.6	54.2
Ceylon	9.6		11.9						21.5	3.6	25.1	36.7
Chile	29.5	1.4		14.1	1.9		18.5	.4	65.8	5.9	71.7	99.3
China (Taiwan)	30.5			7.1	7.7	1.5	3.4		50.2	4.5	54.7	75.1
Colombia	39.3			11.9	1.6	.3	9.5		62.6	6.9	69.5	95.8
Ecuador	2.9			.4	.3		5.1		8.7	.8	9.5	11.6
Finland	10.5	2.3		10.5	14.2			2.7	40.2	2.1	42.3	55.2
France				23.0	12.6				35.6	.1	35.7	47.2
Germany								1.2	1.2		1.2	1.2
Greece	29.2	25.3				4.4	18.1		77.0	9.3	86.3	115.9
Iceland	2.5	2.5	.2	.9	1.7		.4	1.3	9.5	.8	10.3	12.4
India [3]	906.8	28.7	78.3	126.6	8.5	3.5	1.0		1,153.4	201.4	1,354.8	2,071.9
Indonesia	10.7		67.5	58.1	17.5				153.8	12.9	166.7	245.1
Iran	24.8					.8	1.1		26.7	5.9	32.6	51.1
Israel	50.4	54.7	1.3	5.6	1.0	16.2	11.7	10.7	151.6	16.9	168.5	233.3
Italy	1.5	4.8		77.0	20.4		36.4	1.0	141.1	4.9	146.0	185.6
Japan	47.9	13.3	13.7	52.5	7.6				135.0	13.5	148.5	201.6
Korea	73.5	33.7	24.2	31.9	6.6	.3	1.2	8.0	179.4	20.0	199.4	263.9
Mexico		24.6							24.6	1.0	25.6	41.2
Netherlands				.2					.2	(4)	.2	.3
Pakistan	207.7		74.0	[5] 32.1	5.8	5.4	25.3		350.3	45.5	395.8	588.9
Paraguay	1.7					.4	.5		2.6	.3	2.9	4.5
Peru	22.6		6.6			.2	1.9	(4)	31.3	2.6	33.9	52.0
Philippines			5.8	4.8		1.7	.4	(4)	12.7	1.3	14.0	20.3
Poland	155.4	59.8		92.0	1.5	3.3	24.5		336.5	28.8	365.3	518.8
Portugal	6.3								6.3	.9	7.2	13.5
Spain	[6] 4.4	32.4		[7] 97.5	24.9	1.5	247.2	19.1	427.0	24.5	451.5	498.4
Thailand					3.9	.5			4.4	.2	4.6	4.9
Turkey	99.5	19.1	2.1			2.2	78.6	6.6	208.1	24.2	232.3	315.9

United Arab Republic:												
Egypt	144.0	6.9	5.3		15.4		7.7	.5	179.8	19.9	199.7	291.2
Syria	19.9	4.9							24.8	4.2	29.0	41.1
United Kingdom					38.0			10.1	48.1	.4	48.5	48.5
Uruguay	18.5	10.2		7.3	6.1				42.1	4.4	46.5	63.7
Vietnam	3.7			4.7	10.5				18.9	1.7	20.6	25.5
Yugoslavia	228.0			75.7		.5	53.8	3.1	361.1	48.2	409.3	597.6
Total	2,371.5	[8] 340.9	291.2	776.0	216.0	[9] 47.0	[10] 584.2	[11] 65.0	4,691.8	546.5	5,238.3	7,414.3

[1] Agreement with Bolivia expired. No funds expended.

[2] Includes only ocean transportation to be financed by CCC.

[3] Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960: $241.25 million wheat, $29.0 million rice, and $48.75 million ocean transportation. Additional amounts of $723.75 million wheat, $87.0 million rice, and $146.25 million ocean transportation to be financed after Jan. 1, 1961.

[4] $50,000 or less.

[5] Includes $1.7 million extra-long staple.

[6] Wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

[7] Includes $0.3 million, cotton linters; $6.8 million, extra-long staple.

[8] See the following:

	Millions of dollars
Corn	152.9
Oats	5.3
Barley	126.6
Grain sorghums	50.2
Rye	5.9
Total	340.9

[9] See the following:

	Millions of dollars
Condensed milk	1.8
Dry whole milk	1.7
Nonfat dry milk	16.0
Evaporated milk	3.7
Butter, butter oil, and/or ghee	19.1
Cheese	4.6
Whey	.1
Total	47.0

[10] See the following:

	Millions of dollars
Cottonseed oil and/or soybean oil	540.6
Linseed oil	1.1
Lard	25.6
Tallow and/or grease	16.9
Total	584.2

[11] See the following:

	Millions of dollars
Fruit: Austria, Burma, Finland, Iceland, Israel, United Kingdom Yugoslavia	15.8
Seeds: Chile	.4
Potatoes: Spain	1.4
Poultry: Germany, Italy, Turkey, Spain, UAR	5.4
Beef: Spain, Israel	28.1
Pork: Korea, Spain	10.0
Beans: Israel, Spain, Yugoslavia	3.9
Total	65.0

TABLE II.—*Title I, Public Law 480, amount programed under agreements signed through Dec. 31, 1960, and estimated market value of commodities shipped from beginning of program through Dec. 31, 1960*

Country	Amount programed (export market value excluding ocean transportation)	Estimated market value of shipments [1]
Argentina	29, 908, 000	29, 908, 000
Austria	40, 103, 000	39, 500, 000
Brazil	190, 858, 000	152, 534, 000
Burma	38, 744, 000	36, 476, 000
Ceylon	21, 474, 000	16, 965, 000
Chile	65, 823, 000	41, 535, 000
China (Taiwan)	50, 213, 000	45, 520, 000
Colombia	62, 546, 000	42, 960, 000
Ecuador	8, 764, 000	7, 839, 000
Finland	40, 167, 000	39, 936, 000
France	35, 558, 000	32, 889, 000
Germany	1, 197, 000	1, 197, 000
Greece	76, 964, 000	67, 584, 000
Iceland	9, 505, 000	8, 914, 000
India	1, 153, 422, 000	939, 837, 000
Indonesia	153, 801, 000	137, 949, 000
Iran	26, 653, 000	13, 201, 000
Israel	151, 660, 000	150, 205, 000
Italy	141, 053, 000	140, 061, 000
Japan	135, 064, 000	135, 064, 000
Korea	179, 493, 000	145, 777, 000
Mexico	24, 644, 000	24, 644, 000
Netherlands	247, 000	247, 000
Pakistan	350, 279, 000	310, 764, 000
Paraguay	2, 598, 000	2, 598, 000
Peru	31, 331, 000	25, 869, 000
Philippines	12, 676, 000	12, 672, 000
Poland	336, 581, 000	295, 666, 000
Portugal	6, 282, 000	6, 282, 000
Spain	427, 035, 000	409, 814, 000
Thailand	4, 393, 000	4, 115, 000
Turkey	208, 095, 000	203, 989, 000
United Arab Republic (Egypt)	179, 868, 000	150, 798, 000
United Arab Republic (Syria)	24, 782, 000	15, 003, 000
United Kingdom	48, 094, 000	48, 094, 000
Uruguay	42, 100, 000	32, 882, 000
Viet Nam	18, 920, 000	11, 802, 000
Yugoslavia	361, 106, 000	360, 431, 000
Total	4, 692, 001, 000	4, 141, 521, 000

[1] Value is estimated export market value, f.o.b. U.S. ports, of tonnage shown on ocean bills of lading. Estimates are revised to reflect actual amounts financed when this information is obtained for completed authorizations.

TABLE III.—*Title I, Public Law 480, shipments by fiscal years, beginning of program through Dec. 31, 1960—Quantity and estimated market value* [1]

Commodity	Fiscal years 1955 and 1956		Fiscal year 1957		Fiscal year 1958		Fiscal year 1959		Fiscal year 1960		1st half fiscal year 1961		Jan. 1955–Dec. 1960	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Thousand units	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*
GRAINS														
Wheat ... bushels	116,850	$194,817	199,464	$324,507	178,298	$298,053	221,894	$372,789	280,206	$459,359	159,261	$259,542	1,155,973	$1,909,067
Wheat flour ... pounds	28,472	921	145,546	5,286	33,472	1,436	426,542	13,951	997,144	33,974	567,146	18,430	2,198,322	73,998
Wheat bulgur ... do					3,290	149	7,490	201					10,780	350
Corn ... bushels	10,894	15,666	13,567	19,786	24,683	31,718	23,682	30,971	21,162	27,226	10,171	13,327	104,159	138,694
Barley ... do	10,650	12,081	20,410	23,057	15,052	14,971	19,753	20,660	28,140	29,903	12,946	15,414	106,951	116,086
Oats ... do	4,746	3,960	955	689	693	387	413	279					6,807	5,315
Grain sorghums ... do	4,992	4,877			6,061	6,284	14,648	15,748	9,903	10,319	8,388	9,213	43,992	46,441
Rye ... do							4,737	5,878					4,737	5,878
FATS AND OILS														
Cottonseed oil ... pounds	355,471	56,061	87,539	14,056	115,270	21,039	74,043	11,671	146,243	23,696	27,528	3,443	806,094	129,966
Soybean oil ... do	178,996	30,673	597,133	97,301	399,822	60,833	709,562	87,063	605,848	64,979	358,629	39,230	2,849,990	380,079
Linseed oil ... do	3,128	455	3,966	593	398	64							7,492	1,112
Lard ... do	99,659	12,907	77,677	12,151	2,741	456							180,077	25,514
Tallow ... do	10,609	934	119,930	11,061	54,208	4,802	444	38					185,191	16,835
DAIRY PRODUCTS														
Nonfat dry milk ... do	12,284	1,127			45,494	4,504	69,246	5,377	16,471	1,255	22,162	2,052	165,657	14,315
Dry whole milk ... do			2,010	1,044	1,039	548			37	28			3,086	1,620
Evaporated milk ... do	5,585	719	9,558	1,258	6,001	830	5,811	654	1,391	165			28,346	3,626
Condensed milk ... do			7,872	1,697	472	102							8,344	1,799
Anhydrous milk fat ... do					425	261	319	185	28	18			772	464
Cheese ... do	2,525	621	5,070	1,227	9,894	2,480	1,381	306					18,870	4,634
Butter ... do	7,197	2,816			16,950	6,663	5,104	2,533					29,251	12,012
Butter oil ... do			1,630	826									1,630	826
Ghee ... do			1,942	1,064	4,363	2,369	2,135	1,147					8,440	4,580
Whey ... do	2,001	130											2,001	130
Dry modified milk ... do									55	40			55	40
MEAT AND POULTRY														
Beef ... do	4,483	1,811	77,573	22,957	11,146	3,311							93,202	28,079
Canned pork products ... do			19,774	9,882	217	71							19,991	9,953
Poultry ... do	185	50	4,357	1,147			8,493	2,751	731	266	839	238	14,605	4,452

See footnotes at end of table, p. 14.

TABLE III.—*Title I, Public Law 480, shipments by fiscal years, beginning of program through Dec. 31, 1960—Quantity and estimated market value*[1]—Continued

Commodity	Fiscal years 1955 and 1956		Fiscal year 1957		Fiscal year 1958		Fiscal year 1959		Fiscal year 1960		1st half fiscal year 1961		Jan. 1955–Dec. 1960	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
FRUITS AND VEGETABLES	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*
Canned fruits and juices, pounds			761	$108	26,629	$3,709	543	$89	3,768	$511	2,023	$278	33,724	$4,695
Fresh fruit ... do			1,407	102	36,531	2,601	6.935	479	2,386	263	3,997	501	51,256	3,946
Dried fruit ... do			9,042	1,347	27,697	4,339	5,531	867	2,270	318	215	33	44,755	6,904
Potatoes ... do	50,822	$1,392											50,822	1,392
OTHER														
Cotton ... bales	522	94,342	1,376	206,905	863	127,110	639	96,081	705	88,550	808	105,323	4,913	718,311
Cotton linters ... do			7	256									7	256
Tobacco ... pounds	84,247	59,356	52,296	35,238	34,430	25,513	41,162	30,014	42,068	31,120	22,164	15,095	276,367	196,336
Dry edible beans hundredweight			41	275	2	17	331	2,740	114	885			488	3,917
Seeds ... do			10	394									10	394
Rice ... do	2,530	16,113	18,127	114,709	5,094	34,304	3,767	23,012	9,961	52,521	5,595	28,846	45,074	269,505
Total value		511,829		908,923		658,924		725,484		825,396		510,965		4,141,521
Total quantity thousand metric tons	4,508.51		7,944.61		6,786.10		8,526.91		10,476.66		5,990.79		44,233.58	

[1] Quantity is based on tonnage shown on ocean bills of lading. Value is estimated export market value, basis U.S. port of export. Estimates are revised to reflect actual amounts financed by CCC when this information is obtained for completed P.A.'s. These revisions account for most differences from amounts shown on previous reports.

Mr. TETRO. I would like to repeat, in closing, Mr. Chairman, that we have reached the end of our ability to negotiate new agreements. If there is a programing gap at this time, while it will not immediately affect the movement of these commodities, within a relatively few months this programing will stop and we will have a reduction in commodity disposition.

So there is a serious need for this $2 billion authorization.

Senator JOHNSTON. That would not take much time, would it, to get this, because we are not asking for something in the future but we are asking for something of what you have done in the past.

Mr. TETRO. No, sir. This we will be very happy to furnish.

Senator JOHNSTON. You see my point there? Of course, we can only judge the future by the past, and for that reason we just want to know in what fields this has gone and what has happened with this money and just exactly what has become of it.

Mr. TETRO. Yes, sir.

(The information is as follows:)

The following three tables furnish information on the use of foreign currencies received in payment for commodities shipped under the title I, Public Law 480 program.

Table I shows the use to be made of foreign currencies under agreements signed from the beginning of the program through December 31, 1960. It shows the total amount by country to be received by the United States when the agreements are fully implemented; the amounts specified in agreements to be used by foreign countries under 104(c) common defense grants, 104(e) economic development grants, and 104(g) economic development loans; the amounts set aside for Cooley amendment loans to private business firms under 104(e); and finally the amounts of currencies set aside for U.S. agency uses.

Table II shows the status of the use of foreign currencies by country; the amounts in agreements through December 31, 1960; and allocations, collections, and disbursements through September 30, 1960, as obtained from the latest foreign currency report prepared by the Treasury Department. As of September 30, 1960, foreign currencies deposited to the account of the United States totaled about the equivalent of $4 billion and disbursements made through that date total about $1.7 billion. The difference of about $2.3 billion was on hand and not yet disbursed.

Table III shows the status of foreign currencies by the specific uses authorized in section 104 of Public Law 480. It shows as of September 30, 1960, allocations made by the Bureau of the Budget, amounts transferred to U.S. agency accounts, and disbursements made by U.S. agencies.

TABLE I.—*Uses of foreign currency as provided in title I, Public Law 480 agreements signed July 1, 1954, through Dec. 31, 1960* [1]

[Amounts are in dollar equivalents at the deposit rate of exchange]

Country	Total amount in agreements (market value including O.T.)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	For U.S. uses [2]
	Thousand dollar equivalents	*Thousand dollar equivalents*	*Thousand dollar equivalents*	*Thousand dollar equivalents*	*Thousand dollar equivalents*	*Thousand dollar equivalents*
Argentina	64,100			8,250	36,500	19,350
Austria	42,940				26,328	16,612
Brazil	214,420	2,000			178,547	33,873
Burma	40,700		6,000		26,550	8,150
Ceylon	26,100		4,340	6,540	9,580	5,640
Chile	71,900	100		850	56,330	14,620
China (Taiwan)	55,500	30,550		8,600	2,300	14,050
Colombia	70,890	80		11,270	41,180	18,360
Ecuador	10,940			710	7,660	2,570
Finland	44,735			3,165	25,454	16,116
France	60,440			13,989		46,451
Germany	1,200					1,200
Greece	86,000		7,470	5,945	47,350	25,235
Iceland	10,270			765	7,374	2,131
India [3]	1,345,203		369,875	112,634	667,708	194,986
Indonesia	164,300		21,900	13,600	91,895	36,905
Iran	32,446	5,763		1,557	15,605	9,521
Israel	168,554		4,200	25,827	111,537	26,990
Italy	152,900			6,250	100,500	46,150
Japan	150,800	700	600		108,850	40,650
Korea	201,000	162,910		3,500		34,590
Mexico	28,200			7,100	13,600	7,500
Netherlands	275					275
Pakistan	396,870	79,366	57,592	41,712	135,392	82,808
Paraguay	3,000				2,250	750
Peru	37,280	100		4,962	21,523	10,695
Philippines	14,400	3,100		1,000	5,200	5,100
Poland	365,300					365,300
Portugal	7,100				3,400	3,700
Spain	456,130	9,910			228,730	217,490
Thailand	4,600				2,050	2,550
Turkey	232,265	67,739		18,230	48,092	98,204
UAR (Egypt)	198,800			37,450	113,400	47,950
UAR (Syria)	28,200			5,200	16,900	6,100
United Kingdom	48,150					48,150
Uruguay	46,400			11,550	23,300	11,550
Viet Nam	20,500	10,228		5,100		5,172
Yugoslavia	408,530		114,290		213,091	81,149
Total	[4] 5,311,338	372,546	586,267	355,756	2,388,176	1,608,593
Uses as percent of total	100.0	7.0	11.0	6.7	45.0	30.3

[1] Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

[2] Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Includes are uses specified under subsections 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), and sometimes (d) insofar as specified in agreements.

[3] Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960.

[4] Amounts shown in this column may differ from amounts on table I, which reflects purchase authorization transactions.

TABLE II.—*Status of foreign currencies under title I, Public Law 480*

Country	Agreement amounts through Dec. 31, 1960	Allocations by Budget Bureau through Sept. 30, 1960	Collections through Sept. 30, 1960	Disbursements by agencies through Sept. 30, 1960
	Million dollars equivalent	*Million dollars equivalent*	*Million dollars equivalent*	*Million dollars equivalent*
Argentina	64.1	33.4	30.6	11.1
Austria	42.9	40.1	40.1	30.1
Brazil	214.4	155.2	157.0	68.6
Burma	40.7	36.8	36.7	6.1
Ceylon	26.1	16.4	17.1	6.5
Chile	71.9	38.8	38.9	32.6
China (Taiwan)	55.5	35.1	39.5	23.2
Colombia	70.9	46.0	43.2	23.8
Ecuador	10.9	8.4	8.4	6.8
Finland	44.7	48.7	38.4	24.8
France	60.4	33.4	31.9	17.7
Germany	1.2	1.2	1.2	1.1
Greece	86.0	69.5	69.9	57.4
Iceland	10.3	7.7	8.3	6.0
India	1,345.2	821.5	877.6	143.5
Indonesia	164.3	121.2	132.7	15.8
Iran	32.4	12.5	12.4	10.9
Israel	168.6	144.7	151.7	95.8
Italy	152.9	143.3	144.2	109.8
Japan	150.8	141.4	146.4	133.0
Korea	201.0	160.9	154.3	144.1
Mexico	28.2	25.2	25.2	17.1
Netherlands	.3	.3	.3	[1] .5
Pakistan	396.9	246.1	300.9	154.6
Paraguay	3.0	2.9	2.9	2.4
Peru	37.3	25.1	25.2	19.1
Philippines	14.4	13.0	13.8	10.4
Poland	365.3	38.9	236.0	1.0
Portugal	7.1	7.1	7.1	5.2
Spain	456.1	363.6	395.5	188.1
Thailand	4.6	4.3	4.3	3.2
Turkey	232.3	198.5	206.0	110.3
U.A.R. (Egypt)	198.8	112.4	126.5	22.9
U.A.R. (Syria)	28.2	7.7	9.2	.2
United Kingdom	48.2	43.8	48.5	21.7
Uruguay	46.4	33.9	34.7	6.4
Viet Nam	20.5	10.4	8.2	3.6
Yugoslavia	408.5	358.9	388.6	179.9
Total	5,311.3	3,608.3	4,013.4	1,715.3

[1] Disbursements exceed collections because of conversions from other currencies.

TABLE III.—*Status of foreign currencies under Public Law 480 as of Sept. 30, 1960*

Uses as specified in sec. 104, Public Law 480	Allocation by Bureau of Budget	Transfers to agency accounts	Disburse-ments by agency
	Million dollars equivalent	*Million dollars equivalent*	*Million dollars equivalent*
104(c) common defense	317.8	299.0	268.2
104(e) grants for economic development	349.6	219.3	79.0
104(e) loans to private enterprise	255.0	206.9	35.4
104(g) loans to foreign governments	1,739.7	1,566.7	885.1
U.S. uses:			
Treasury: 104(f) payment of U.S. obligations	584.2	550.5	313.7
Agriculture: 104(a) agricultural market development, 104(k) scientific activities, 104(m) agricultural fairs	105.7	67.8	20.5
International Cooperation Administration: 104(d) purchase of goods for other countries	63.9	51.3	30.8
Defense: Military family housing [1]	101.5	105.6	65.0
State:			
104 (h) and (j) international educational exchange and American-sponsored schools and centers	63.8	53.3	14.5
104(l) buildings for U.S. Government use	5.2	.5	------------
U.S. Information Agency: 104 (i) and (j) translation of books and periodicals and American-sponsored centers	15.1	12.1	3.1
Health, Education, and Welfare: 104(k) scientific activities	5.2	.3	------------
National Science Foundation: 104(k) scientific activities	1.6	1.1	.6
Total	3,608.3	3,134.4	[2] 1,715.9

[1] Includes small amount for other 104(f) uses. Defense also uses currencies for 104(k) scientific activities, totaling less than $50,000 through Sept. 30, 1960.
[2] Includes $720,000 disbursed in nontitle I countries.

Senator JOHNSTON. Do you have any other questions?

Senator YOUNG of North Dakota. No. That is all. Thank you.

Senator JOHNSTON. We certainly thank you for coming before us this morning and giving us this information.

I am glad to know we are expediting the disposal of the commodities that are in surplus at this time. However, I believe in surpluses. I think we ought to thank God for our surpluses.

If we were like some countries that didn't have any surpluses then we would realize how thankful we ought to be.

Senator YOUNG of North Dakota. We do have some decided surpluses. The situation would be far worse if it had not been for this Public Law 480 program though.

Senator JOHNSTON. Oh, yes.

Senator YOUNG of North Dakota. It would have really been impossible.

Mr. TETRO. Thank you, sir.

Senator JOHNSTON. The next witness is Mr. Homer L. Brinkley, executive vice president of the National Council of Farmer Cooperatives.

We are glad to have you with us.

STATEMENT OF HOMER L. BRINKLEY, EXECUTIVE VICE PRESIDENT, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. BRINKLEY. Mr. Chairman and Senator Young, it is a pleasure to be here to discuss with you some of the things that we have in mind with respect to this program. To begin with, I would like to quote the following policy statement or resolution that was adopted

by the members of our organization at our annual meeting in 1959 which is currently in effect:

> The National Council of Farmer Cooperatives will support and seek legislation extending Public Law 480 with sufficient funds provided to do an adequate job of moving U.S. agricultural commodities and effectively implementing the objectives of the Agricultural Trade Development and Assistance Act.

We wish to state our support of S. 1027 which will authorize additional funds for the continuance of the effective Public Law 480 program during the balance of 1961.

In our opinion the act has—

1. Promoted economic development in underdeveloped countries by increasing payrolls and purchasing power, diversification, and economic balance.
2. Conserved dollar exchange both here and abroad for industrial purposes and other uses.
3. Converted abundant agricultural resources into an American asset in international economic and political relations.
4. Accustomed the people of contracting countries to a higher standard of living and, if this is continued, will develop a permanent effective demand for more food and fiber products, hence contribute to market development
5. Promoted a greater appreciation of the desirability of currency convertibility as an effective instrument of expanding world trade.
6. Contributed materially to relief activities of private organizations which devote voluntary efforts to decentralized distribution of foodstuffs.
7. Spurred private export of farm products.

These are notable achievements, and we submit that if conditions in recipient countries are such as to indicate the possibility of reasonable expansion from time to time, the possibility of the attainment of desired long-term objectives should be given great weight.

In view of these accomplishments, and taking into account the fact that agricultural producers have not yet attained the organizational structure, financial strength, and necessary authority to adapt production and distribution to effective domestic and foreign demand, we must continue to rely upon the programs developed under Public Law 480.

A corollary fact is that new social and economic problems in many of the underdeveloped areas of the world have served to intensify the need for bringing to bear upon these problems a continuing effort on the part of the developed areas of the world, including the United States, to help promote sound and balanced economic development.

We have consistently held the view that much of our own aid program should be based upon more effective use of our agricultural abundance rather than continued grants of money. In fact, we have recently realized that there are quite definite limits to the extent to which we could rely upon the latter type of aid as has been evidenced by the disturbing impairment of our exchange balances.

This alone would seem to be sufficient evidence that the title I activities under Public Law 480 might be relied upon to a greater extent than has been contemplated, and we would judge that this fact, together with the apparent growing desire for our agriculture products, are primary forces in the need for an expansion of the funds which are desired for the balance of 1961.

It is our view that Public Law 480 has been one of the most practical and constructive efforts put forward by our Government to thaw the postwar frozen foreign exchange situation and stimulate foreign trade generally around the world.

We believe that our stocks of commodities can be an even more potent force for balanced economic development in the underdeveloped countries by providing that greater care be taken to see that we move as rapidly as possible to a policy of using the accumulation of foreign currencies on a loan rather than a grant basis to the countries of origin, and that these loans be more precisely directed into use for capital formation for private industrial development, and for public works such as schools, roads, power, and other facilities necessary for such balanced economic development but which do not attract private capital investment.

We would point out, too, that one of the important effects of the use of our foodstuffs and fibers as a basic element in this type of development is that it can enable cooperating countries to control inflation in a period of accelerated economic activities and expansion, particularly in consumer prices for basic food and fiber. This is essential in those areas where these basic items require such a large percentage of the earning power of the bulk of the population.

We suggest further that greater emphasis be placed on availability of currencies for market promotion and development work, not only in the underdeveloped but developed areas.

Much valuable experience is being gained in this field, and such work will prove to be our best argument against state trading and government-to-government transactions in the years ahead. The underdeveloped countries of the world will be our great markets of the future, and we should help them reach this status as rapidly as possible, not only for their good, but for ours.

We suggest also that increasing emphasis be placed on the greater use of local currencies for both short- and long-term loans rather than grants, and that they be directed to specific and agreed economic development purposes of both short- and long-term nature.

We propose, too, that continued action be directed to the development of currency convertibility, which is such a vital component in the maximum use of the trade promotion and market development programs and in expanding world trade.

Our agricultural attachés are the focal points abroad of not only our title I operations, but our dollar market developments. Dollar markets must be our primary objective, and Public Law 480 operations should be directed to this goal to the maximum extent possible.

We should be seeking ways and means of strengthening the status and effectiveness of our agricultural attachés in order that they may best serve not only the immediate purposes of Public Law 480, but the long-range development of private trade for dollars.

Furthermore, we would place maximum emphasis on the USDA, through the Foreign Agricultural Service and otherwise, being recognized as the Government agency with prime responsibility and competence in the major task of achieving the goals of agriculture in foreign trade and in the formulation of a sound and workable economic policy.

That concludes my prepared statement, Mr. Chairman.

Senator JOHNSTON. I notice you have seven things that you have set out here.

Mr. BRINKLEY. Yes, sir.

Senator JOHNSTON. I would like for you to expand on them a little more.

Now, I notice No. 1 here is "Promoted Economic Development in Underdeveloped Countries by Increasing Payrolls and Purchasing Power, Diversification, and Economic Balance."

Just how did this program bring that about? I am just asking these questions for the record.

Mr. BRINKLEY. Well, that is a very broad area of economic activity. I think that a narrow interpretation of Public Law 480 would say that we merely want to get rid of surpluses and I would question whether such an area of interpretation could win support of a term of years and be the effective instrument of foreign economic policy that it has been and can be if it were just directed to that particular purpose.

It must have an end purpose. I think that end purpose is in this area of promoting balanced economic development in these underdeveloped countries and by increasing jobs, earning opportunities, diversification, and economic balance.

So many of the economically underdeveloped countries of the world are what I call one-crop countries. Many of them are actually dependent on one crop and usually it is a raw material that fluctuates up and down with the demand situation and with the prices of competing commodities and so on.

So there is a very serious need. If these underdeveloped countries are ever to be brought up to a basis where they can be the great markets of the future, as I envision them, they must be helped in many ways to develop a balanced economy.

I don't mean by that that Cambodia should develop steel mills, but they ought to be building bicycles and doing other things that the people can provide for themselves.

I think the currencies and the commodities themselves properly used under Public Law 480 can be the foundation for that kind of economic development.

It is slow but it is certainly sound.

Senator JOHNSTON. Don't we have another fund that goes into that field more fully?

Mr. BRINKLEY. Yes, sir. There are other funds.

Senator JOHNSTON. Other governments go in together with us on the program. That is what I was thinking. They kind of enter into another field there though.

Mr. BRINKLEY. Yes; there are many others. I tried to confine it merely to Public Law 480.

Senator JOHNSTON. I see.

Mr. BRINKLEY. It would seem to me that, with the knowledge and experience that has been gained through the administration of Public Law 480, our agricultural commodities themselves might be put to very much better and more constructive use in connection with some of these other programs and in connection with similar operations by other governments.

I think that we must bring other governments into this world problem of bringing about a balanced development of underdeveloped countries.

Senator JOHNSTON. I agree with you that probably we ought not to look at it with a view of just getting rid of our surpluses, but that is one of the main things, I think, that we were driving at under 480.

If we didn't have the surpluses, of course, we would not have the problem of their disposal.

Mr. BRINKLEY. Of course; yes.

Senator YOUNG of North Dakota. I think, Mr. Chairman, that was probably the major objective, when the bill was first enacted by the Congress, but it has become more and more a part of our foreign-aid program and foreign policy, and I think rightfully so.

Senator JOHNSTON. I agree with you there. I have been against foreign aid as foreign aid because I think it has been misused and it has given us more headaches than anything else, but the 480 program is all right, I think.

We could do more in this field and less in the other in my opinion, and it would be better.

Mr. BRINKLEY. I think that is the point that I would like to convey, Mr. Chairman, because more effective use of these commodities rather than dollar grants and dollar loans would more nearly meet the actual needs of the great mass of people in these countries than some of the programs that we do have.

Senator YOUNG of North Dakota. India is a good example. The food we have given to India has done more toward making them better friends of ours than anything we could have done.

Mr. BRINKLEY. Yes.

Senator YOUNG of North Dakota. I think it has helped a lot with Yugoslavia.

Senator JOHNSTON. I think when a man is hungry and he gets fed, he is going to remember that. But if you pour in money to a country and pour it in the top before he gets it, he doesn't know where it is coming from and I do not think it does too much good.

Senator YOUNG of North Dakota. I have noticed in my many travels in various parts of the world that people everywhere when they find out that you are a Member of Congress will thank you for the food we made available to them.

This is the average person you see in the store and on the street, but I have yet to hear one of them thank us for all of the billions that we gave them in cash. Our foreign-aid program has helped them a great deal, I am sure, but the average person does not understand that program as well as when they get some food.

Mr. BRINKLEY. I think that is entirely correct, Senator.

Senator JOHNSTON. I think you see by our questions and by what we have had to say that we approve of the 480 program.

I think that if we are going to have relief, this is the kind of relief that we ought to have as much as possible.

Mr. BRINKLEY. I think we should use effectively those things in which we have proved to be very good, and one of them is agricultural production. It is the most efficient and productive system of agriculture that the world has ever seen.

Senator YOUNG of North Dakota. Do you have anything more?

Mr. BRINKLEY. No; that is all I have.

Senator YOUNG of North Dakota. Off the record.

(Discussion off the record.)

Senator YOUNG of North Dakota. Your testimony, Mr. Brinkley, was up to your usual good standards.

Mr. BRINKLEY. Thank you, sir.

Senator YOUNG of North Dakota. The next witness is Mr. Reuben L. Johnson.

STATEMENT OF REUBEN L. JOHNSON, ASSISTANT DIRECTOR, DIVISION OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. I appreciate very much, Mr. Chairman, the opportunity to appear before this subcommittee. We have appeared here on a number of occasions in the past years in support of the Public Law 480 program.

The need for additional funds at this time has been clearly established by the testimony of the Department of Agriculture before the House Agriculture Committee last week and before this committee today.

We support the increase in funds provided in S. 1027 and urge prompt action in order that title I agreements in process of negotiation will not be unduly delayed.

We are in complete agreement with the objective of the President in making Public Law 480 an important arm of the food for peace program. We will appear later before the committee to express in greater detail the views expressed by delegates to our convention last week here in Washington.

We would like for the record on S. 1027 to show, however, that we strongly believe that farmers in the United States are rendering a distinct service to our Government in being able to produce food and fiber essential to other areas where the battle for democracy is being fought.

We are gratified that we now have a positive policy to use food and fiber to combat malnutrition and hunger and to promote economic development. Farmers have always recognized our food and fiber stocks as a national asset. But at the same time they have not been happy with past conditions under which total farm exports have increased while net farm income declined.

Farmers want to produce the food and fiber needed to fill oversea commercial markets and to meet the needs of the developing nations but not at the sacrifice of the income they need for an American standard of living. Accordingly, we continue to support the President in his stated intention of holding a world food conference patterned after the Hot Springs, Va., conference of 1942.

It would be our hope that this conference could consider an international food policy.

Such a policy among nations with food and fiber stocks and those in need of food and fiber stocks would be most helpful, we believe, in assuring farmers in major agricultural producing countries that food going into government-sponsored programs to assist developing nations would be programed only after consideration of what constitutes a fair return to farmers.

Senator YOUNG of North Dakota. I agree with you that this is a good program, but I think you will agree with me that it would be more desirable if we could charge the cost of, at least, this part of it which has become part of our foreign policy, to some other department of the Government rather than agriculture.

Mr. JOHNSON. Mr. Chairman, let me say that we are very pleased with the attitude and work that your committee has displayed in support of this program. I will certainly support the point that you just made.

Senator YOUNG of North Dakota. Well, we on this committee, and on the Appropriations Committee, have been trying to work out some method whereby the cost of all of this program would not be charged as a subsidy to farmers. The cost of this appears in the total budget to the Department of Agriculture and the average person, reading that, thinks that the farmers are actually getting a check for it.

The Commodity Credit Corporation is reimbursed for a part of it, but when you ask for this budget now, this will be charged as a part of the agriculture program as a subsidy to agriculture.

Mr. JOHNSON. Senator, if agricultural net income had actually increased, while this program was in effect, perhaps it would be correct to say that it was a subsidy to agriculture.

But, if you look back over the historical profile you will see that the total net export of farm commodities has very little positive effect in raising total net farm income.

Now it would be fair also, on the other side of this question, to ask: Just where would farm income have been if we had not had a program like this? We in the Farmers Union are inclined to look more and more at where we are going and what our objectives are. We feel that to continue to produce, on a rather haphazard basis, commodities which are stored and then ultimately used in support of our total Nation's foreign policy effort, is not the most ideal way, from the standpoint of giving fair income to producers, to conduct this kind of program. And that is essentially what we have been doing.

I just mention this because I think it is a matter that needs to be studied, and if we are going to need this food over a very long period of time, as it appears that we will, then we ought to try to get something worked out so that the cost will be charged against the proper program. At the same time we should try to develop a program whereby the Government will guide the farmer as to the proper level of production and assure him of a fair return.

Senator YOUNG of North Dakota. I think if we, as a nation, only had guns and dollars to export to other nations of the world and no food, our standing in the world would be far less than it is today.

I think that the critical situation in Laos today is a good example. Here is a country that does not need food. We have been giving them an awful lot of money, perhaps more per capita than any other nation in the world, and we have been giving them guns and ammunition but we don't have too many real friends there.

If this was a country that was in need of food I think we would be able to influence them much more.

Mr. JOHNSON. Well, I think that we need to place much greater emphasis on the fact that our food is an asset in our total effort in this area.

I believe that the support which Congress is now giving to this program is evidence of the fact that the public generally understands the great contribution that our agricultural abundance is making toward our effort in other parts of the world to help developing democratic governments, to preserve the dignity of the individual, and to maintain existing democratic institutions.

Mr. Chairman, another subject which is extraneous to the one which we are discussing:

I would like to commend this committee for the very fine contribution made in assuring the enactment of the new feed grains program which the Secretary and his staff are explaining in the field this week.

This committee worked diligently and we appreciate very much the product which resulted from your efforts.

Senator JOHNSTON. Are there any other questions?

Senator YOUNG of North Dakota. I have nothing.

Senator JOHNSTON. We have a statement here to file from the American Farm Bureau Federation, from Mr. John C. Lynn, legislative director. I ask that this be made a part of the record.

(The letter referred to follows:)

WASHINGTON, D.C., *March 24, 1961.*

Hon. OLIN D. JOHNSTON,
Chairman, Senate Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The administration has requested in S. 1027 an additional authority of $2 billion for foreign currency sales during the remainder of calendar year 1961 under title I of Public Law 480, the Agricultural Trade Development and Assistance Act. We understand that all the authority for title I sales has been committed, and the administration now feels that this increased authorization is necessary if the surplus disposal program is to be continued.

Farm Bureau policies for 1961 state:

"We should continue to use our surpluses in a constructive manner, moving them into consumption through Public Law 480 where nations are unable to pay in dollars. This must be done with proper safeguards, making use of private trade channels wherever possible."

Since enactment of Public Law 480 in 1954, the United States has signed agreements to export tremendous quantities of agricultural surpluses to various foreign countries. Through foreign currency sales, grants, and barter, we have moved over $12 billion worth of surpluses. Title I foreign currency sales have accounted for about $9 billion worth of commodities. Despite the magnitude of these foreign movements, apparently plans are being made to expand the present rate of Government programing. Such a decision carries with it a serious responsibility not to disrupt the commercial markets of friendly foreign nations who also produce for the world market and not to displace our own commercial sales. If this program is carried forward, increased vigilance is mandatory if we are not to be accused of irresponsible dumping and indeed, be guilty of such a breach.

We understand that the intention is to enter into additional multiyear programs and that negotiations for such agreements are now underway with Pakistan and Brazil. Of course, current authority is necessary to enter into an agreement even though shipments may come 3 or 4 years hence. Three- and four-year agreements with countries capable and desirous of using substantial quantities of our agricultural surpluses are sound in principle and may prove beneficial if they are carefully administered. However, extreme care is essential, especially with countries such as Brazil, to insure that we do not seriously curtail our opportunity to export for dollars.

Authority under titles I and II of Public Law 480 will expire December 31, 1961. We understand the administration plans to request extension and changes in this authority. Farm Bureau will want an adequate opportunity to present its policies and recommendations when such legislation is considered. Since such legislation will undoubtedly be considered before the end of this session of Congress, we would earnestly recommend that any additional authorization provided in S. 1027 would be subject to review at that time.

We respectfully request that this letter be made a part of the hearing record.

Sincerely,

JOHN C. LYNN,
Legislative Director, American Farm Bureau Federation.

Senator JOHNSTON. I certainly thank you for coming before us.

Mr. JOHNSON. Thank you very much, Mr. Chairman.

Senator JOHNSTON. I notice we have another witness here. Generally it is an organization or someone to speak for them who appears, but Mr. David Whatley is here and he says he wanted to make a statement.

Do you represent yourself?

STATEMENT OF DAVID WHATLEY, BETHESDA, MD.

Mr. Whatley. Mr. Chairman, as you know, I represent no organization, and receive no remuneration for my work on legislation.

I have studied this program and have advocated various changes in it since it was first considered by the Congress, most of which changes I am happy to say the Congress has adopted in enacting and amending Public Law 480.

I endorse the pending bill, and propose an amendment.

I call your attention, however, to a grave impediment in the present law resulting from an amendment adopted by the conference committee considering Public Law 86–341, in 1959, which was the last amendment to title I of Public Law 480.

That conference, attended by both yourself, Mr. Chairman, and Senator Young, as you may recall, dragged on for several sessions. At the last of these sessions there was added a restriction which has effected a result that was not, I am satisfied, intended by any of the conferees, because it went counter to the sentiment expressed by the Congress in the previous year in its unanimous adoption of a directive included in the conference report of 1958, that more foreign currency generated under title I should be used to promote "the development of human resources," particularly programs of health and education.

This restriction, imposed in the 1959 act and effective only at the beginning of this fiscal year, has reversed the mandate that the use of title I currencies allocated to the recipient countries for health and education programs should be facilitated by grants rather than loans, when necessary—enunciated in a unanimous vote of the conferees in the conference report of 1958—and has in this fiscal year, for the first time, practically prohibited the use of these currencies which are allocated to the foreign countries, the beneficiary countries, for their own health and education programs.

This is an obscure matter but it is so important I feel constrained to call it to your attention. I regret exceedingly that I am the only witness to propose any amendments to the bill. I regret to impair this unanimity that exists on the policy of the executive branch that there should be no amendments offered to this bill.

But, Mr. Chairman, if this amendment is not adopted to this bill and deferred for later enactment, in the months that will elapse, a great many people will die of malaria, particularly, that would not die of it. There is an extreme need for these Public Law 480 currencies in health programs, particularly the program of malaria eradication, particularly in India, Indonesia, Brazil and many of the South American countries that do not have adequate counterpart funds but have only Public Law 480 funds, and are either in the middle of the malaria eradication program or, like Pakistan, are about to embark upon it.

If this amendment were deferred for another 6 months, hundreds of thousands of people will unnecessarily die of malaria for the very simple reason that the program of full eradication in some countries would be deferred that long.

As you know, the mutual security program carries funds for the dollars required for the U.S. contribution to this great program, a small amount, less than 1 percent of the total mutual security bill, and it cost the United States less than 10 cents per capita in most

of the countries where the program is being expanded. Local costs are usually borne by the recipient country.

But in several countries that have Public Law 480 currencies, it is absolutely financially and fiscally impossible for those countries to proceed with the program without this amendment.

Therefore, I appeal to you for the people who will undoubtedly die otherwise, that you rectify the error that the conferees made in 1959.

In 1958, after I testified before this committee and the House Committee on Agriculture, the House committee adopted an amendment which sought to facilitate the use of these currencies for health and education programs and used the language that I had proposed, "The development of human resources and skills."

This amendment was revised because it was subject to a point of order and deleted from the bill in conference, but the conference report stated:

> The committee of conference was in complete agreement on the objectives of this section (malaria eradication, public health, and related uses), and emphasizes its view that more liberal use should be made of the authority now existing in section 104 of the act for financing non-self-liquidating projects for the development of human resources and skills. Experience has demonstrated that many such constructive projects—for example, in education, malaria eradication, and public health—are not suitable for financing on a loan basis. We are convinced that there are frequently cases of this sort where use of foreign currency sales proceeds on a grant basis can serve a higher priority development need than would be possible through their use on a loan basis. The conference committee deemed the application of section 1415 of the Supplemental Appropriations Act, 1953, to grants in such instances to be inappropriate and urges the President to make more liberal use of his authorities under this act than has been the case in the past.

The past record indicates that before fiscal year 1958, less than $1 million of the vast sums allocated to the foreign country uses for loans and grants had been used for any health programs and less than $1 for education programs before this conference report set the new policy. Subsequent to that, in fiscal years 1959 and 1960, the amount allocated to health and education was a reasonable figure, but beginning in this fiscal year, because of the limitation that the conferees included in 1959, there can be no foreign currencies which are loaned or granted to the foreign countries, aggregating approximately $600 million a year on an average, used for any health or education program.

Some of these programs, particularly sanitation projects, can be financed on a loan basis but they cannot be financed under the existing provisions because of this restriction. The detailed justification for deleting this vexatious amendment is included in an excellent statement prepared by a group of lawyers in the Department of State, ICA, and the executive branch last year and presented to the Senate Appropriations Committee by Mr. Douglas Dillon, and I shall ask your permission to insert that statement in the record. It is brief.

Senator Johnston. Yes.

(The information referred to follows:)

Statement Explaining Need To Amend Final Proviso of Section 104 of Public Law 480

A small problem but a difficult one in terms of U.S. efforts to obtain effective utilization of foreign currencies available to promote economic development is presented by the final proviso of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). That proviso,

added in the last session of Congress, virtually excludes development in the specific fields of health and education from the range of uses of foreign currency available to promote economic development under Public Law 480.

1. *The proviso limits the use of currency in the very fields which Congress has expressly favored, i.e., health and education.*—Currency available to promote economic development has until now been freely available and extensively used for health and education activities, which are of fundamental importance in underdeveloped countries. The new limitation on this use of Public Law 480 currency results from the interaction of the final proviso of section 104 with language in section 104(k) which, by specifically authorizing health and education programs, duplicates in part the economic development authorizations of section 104(e) and 104(g). The proviso, by prohibiting allocation of currency under any provision of Public Law 480, including the economic development provisions, for purposes specified in section 104(k) results in attaching a special limitation on use of currency for health and education as opposed to other economic development purposes.

2. *The proviso in its present form will result in decreased use by foreign countries of Public Law 480 currency for health and education and possibly in decreased emphasis on health and education development by foreign countries altogether.*—Since agreements for the specific use of "country use" currency, that is, currency loaned or granted to the country to promote economic development, represent U.S. participation in a country's decisions as to how it will allocate its own resources for its own benefit, the necessity for U.S. appropriation action in the event currency is to be used for health or education purposes will seriously handicap the United States in its efforts to influence the country's decisions toward increased emphasis on health and education. Countries can be expected to use Public Law 480 currency in other types of activities which also contribute to the country's development, and with respect to health and education, to the extent that they do not decide to cut back their activity, to use other sources of their own currency which are available to them without these procedural complications.

3. *Set forth below are possible alternative amendments to the final proviso in section 104 which would leave in effect appropriation requirements applicable to "U.S. use" currency, including currency under section 104(k).*—These alternatives would leave unchanged the appropriation requirements now applicable to section 104(k) and also those requirements now applicable to section 104(p) (support of workshops in American studies) and 104(r) (use of currency for financing preparation, distribution, and exhibition of audio-visual informational and educational materials abroad). The alternatives would permit use of currency without appropriation requirement for all activities which serve to promote economic development while retaining the requirements now applicable to use of currencies for activities primarily of U.S. benefit. This would be consistent with the concepts expressed in the Bureau of the Budget report to the Senate Committee on Appropriations on Control over the Use of Foreign Currencies, dated January 1960, which distinguishes between "U.S. use" and "country use" currency with respect to application of appropriation controls.

Alternative 1.—Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) is hereby amended by inserting "(other than sections 104(e) and 104(g))" after the word "Act" in the final proviso.

Alternative 2.—Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) is hereby amended by striking out the words between "allocated under" and "subsections".

Mr. WHATLEY. The Senate Appropriations Committee did not accept the amendment because it would have been subject to a point of order as legislation on an appropriations bill.

The executive branch at the moment is not pressing for this amendment in this bill because it is the general understanding that there will be no amendments to the bill lest it would delay action. I submit that this technical amendment would not delay action on the bill and if the Senate should see fit to add it to the bill, that the House, I believe, would accept because the House committee last year enacted in a bill amending Public Law 480 generally, a similar amendment that I had proposed.

Therefore, the House Agriculture Committee already having acted on this last year—but not this year because of the general agreement

that there should be no amendments, and because it was hoped that the House would enact the bill under suspension of the rules requiring no amendments—I believe the House would accept this simple amendment in either of the two forms in which Mr. Dillon proposed them or in the form in which I proposed it last year and in which was reported by the House Agriculture Committee.

The amendment is technical and I will, therefore, merely leave you this statement, if I may, and ask also permission to insert in the record a brief excerpt from a letter written by the then Director of the International Cooperation Administration to Senator Humphrey, dated February 18, 1960, in which the need for this amendment is further delineated.

(The material referred to is as follows:)

Excerpt from the letter of February 18, 1960, from Mr. Riddleberger to Senator Humphrey follows:

* * * * * * *

"It may be noted that a similar situation exists with regard to education programs in general and also health programs, both of which are being carried out extensively under sections 104 (e) and (g) as contributions to economic development. The addition to section 104(k) in the last session of Congress of new language specifically authorizing the use of foreign currency for health and education programs, together with the final proviso in section 104 prohibiting allocation of currency after June 30, 1960, under any provision for purposes described in section 104(k) except in amounts specified in appropriation acts will, it appears, prevent ICA after June 30 from agreeing with recipient countries that currency available to promote economic development may be used for health or education purposes, unless amounts for such purposes have been specified in appropriation acts.

"Since these agreements, as pointed out above, represent U.S. participation in a country's decisions as to how it will allocate its own resources for its own benefit, the necessity for U.S. appropriation action in the event currency is to be used for health or education purposes may seriously handicap the United States in its efforts to influence the country's decisions toward increased emphasis on health and education.

"Under these circumstances, in view of the special appropriation requirement imposed on use of Public Law 480 currencies for health and education activities in furtherance of development, foreign countries may well prefer to use Public Law 480 currency in other types of activities which also contribute to the country's development; and with respect to health and education, to the extent that they do not decide to cut back their activity, to use other sources of their own currency which are available to them without these procedural complications. The United States would thus be deprived of an opportunity to influence the amount and content of such health and education programs, with the end result not only of less health and education activities financed with Public Law 480 currency but also possibly of decreased emphasis on health and education altogether.

"ICA considers it unfortunate that this special requirement has been imposed which we anticipate will result in decreased participation, though use of Public Law 480 currencies, in health and education activities (including activities using audiovisual techniques) in furtherance of economic development abroad. Our concern was reflected, at the time Congress was considering enacting section 104(r) and the new language in section 104(k), in the letters of September 8, 1959, from the Secretary of Agriculture to Senator Ellender and Representative Cooley. In those letters it was indicated that the executive branch would not regard the proposed addition of language to section 104(k) (authorizing health and education activities) and the addition of new section 104(r) (authorizing the financing of audiovisual materials) as limiting its existing authority to carry out such activities under other provisions of Public Law 480 unless Congress clearly indicated a contrary intent. Congress, it appears to us, did indicate a clear contrary intent by enacting the last proviso of section 104 and more specifically by the statement in the Senate Agriculture Committee's explanation of the conference report (see Daily Congressional Record for Sept. 11, 1959, p. 17530) that the last proviso was enacted in response to the executive branch letter as the clear expression of congressional intent referred to in that letter. ICA therefore is inclined to accept these limitations as the expressed will of Congress with regard to health, education, and audiovisual activities.

"In the face of this explicit and recent statement of congressional intention, we see little alternative but to attempt to proceed, with respect to developmental health and education activities under title I of Public Law 480, within the requirements and limitations imposed by the legislation enacted last year."

* * * * * * *

Mr. WHATLEY. I hope that the executive branch will not oppose this since they proposed it last year and I believe it would not hold up the bill.

Senator JOHNSTON. Since they have already testified, we will try to find out their wishes in the matter and the subcommittee will be glad to look into it further.

Mr. WHATLEY. I expect that their reply in that respect, Senator, would be that they would have no objection to the amendment since this has been proposed by the executive branch last year, but that they would prefer that it be deferred until later in the year. But this amendment may very well get lost in the general bill amending Public Law 480 later in the year, because it is my understanding that the executive branch will propose extensive amendments to section 104 or even a complete rewrite of title I.

Senator JOHNSTON. Well, we thank you——

Mr. WHATLEY. I am very grateful for your time.

Senator JOHNSTON. For coming here and giving us this testimony. Now, I am not formally closing the hearing. The chairman and other members may have something that they want included in the record, and for that reason I am holding open the hearing and will take the matter up with the chairman. The staff can see the other members and find out their wishes in this matter.

(Information submitted by the chairman is as follows:)

DOLLAR LOSSES RESULTING FROM INEPT FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS

(From report by Senator Ellender on U.S. foreign operations)

We cannot do business with foreign governments as we have in the past without going bankrupt. We are a wealthy country, and within limits, we can afford to render assistance to underprivileged countries and peoples of foreign lands who are faced with disaster. But we cannot permit business agreements to turn into charities, which we have been doing, and survive. When we enter into business transactions with foreign governments, even though our objective is the economic development of such countries, our transactions should be businesslike; otherwise, in addition to suffering huge losses, we gain only disrespect.

* * * * * * *

Under Public Law 480, title 1, the United States subsidizes the export, through private channels, of agricultural products excess to our needs, by paying the difference between the U.S. price of the commodity at dockside and its price on the world market. The exporter receives U.S. dollars, but the commodities are paid for in the currency of the importing country, which currency is deposited in a U.S. Treasury account in a bank of the importing country to be allocated and used in accordance with the provisions and objectives of the act, and the provisions of the specific sales agreement negotiated in connection with each sale, or series of sales.

I have selected certain sales of agricultural commodities made under Public Law, 480 to four of the countries I visited, that is, Poland, Spain, Turkey, and Yugoslavia. They are set forth below in schedule form. For obvious reasons, I did not choose the best sales. It should be noted that listed on the schedule are the date of each of the contracts, the rate of exchange agreed upon between the United States and the foreign country for the particular sale or sales, the amount of foreign currency generated by such sales, as well as the U.S. dollar equivalent, the free market rate of the particular country's foreign currency in relation to the U.S. dollar at the time of the sale, and the market exchange rate as of June 30, 1960.

Unreported losses on 11 Public Law 480 sales due to unrealistic exchange rates

Country and currency	Agreement date	Collection exchange rate, foreign currency to $1	Market rate foreign currency to $1 at the time	Market rate as of June 30, 1960	Total collections to date: Units of foreign currency	Total collections to date: U.S. dollar equivalent	U.S. dollar equivalent at market rate of exchange
Poland (zloty)	June 7, 1957	24 to $1	55 to $1	55 to $1	1, 534, 745, 428. 80	$63, 947, 726. 20	$146, 546, 872
	Feb. 15, 1958	24 to $1	55 to $1	55 to $1	1, 692, 159, 665. 16	70, 506, 652. 71	161, 577, 744
	June 10, 1959	24 to $1	55 to $1	55 to $1	1, 864, 646, 884. 56	77, 693, 620. 19	178, 047, 879
Spain (pesetas)	Jan. 27, 1958	42 to $1	57.40 to $1	59.85 to $1	4, 439, 171, 228. 52	105, 694, 553. 10	150, 614, 738
	Jan. 13, 1959	49.721 to $1	62.30 to $1	59.85 to $1	4, 254, 307, 633. 83	85, 563, 445. 55	107, 210, 200
Turkey (lira)	Mar. 12, 1956	2.8252 to $1	9.37 to $1	9 to $1	42, 611, 023. 09	15, 082, 480. 21	50, 025, 500
	Nov. 12, 1956	4.0321 to $1	9.39 to $1	9 to $1	236, 459, 862. 81	58, 643, 967. 24	136, 570, 700
Yugoslavia (dinar)	Jan. 5, 1955	300 to $1	600 to $1	750 to $1	36, 096, 732, 699. 00	120, 322, 442. 04	240, 644, 884
	Nov. 3, 1956	475 to $1	600 to $1	750 to $1	50, 912, 753, 018. 00	107, 184, 743. 02	135, 391, 254
	Feb. 3, 1958	475 to $1	600 to $1	750 to $1	30, 036, 733, 569. 00	63, 235, 228. 26	79, 876, 077
	Dec. 22, 1958	525 to $1	600 to $1	750 to $1	49, 962, 785, 707. 00	89, 452, 925. 02	102, 231, 914
Total						857, 327, 783. 54	1, 488, 737, 762
Approximate loss							631, 409, 979

It will be noted that in these few sales to these four countries, the United States received in foreign currencies the U.S. dollar equivalent of $857,327,783.54 for the commodities sold, but that the exchange rates which prevailed, or were negotiated in connection with these sales, bear little relation to the free market rate of exchange existing at the time. If the United States had received the commercial market rate of exchange for the commodities sold, the U.S. dollar equivalent of $1,488,737,762 would have been generated from such sales, rather than the $857,327,783.54 listed as the proceeds, a difference of $631,409,979 just on these particular sales to these four countries. This situation is not unique to the agreements in the countries I have cited, but prevails throughout the program as too common a practice. In many countries where we are accepting an import rate less than the going rate of exchange, we are at the same time spending U.S. dollars to buy foreign currencies to pay for the U.S. programs in those countries.

I have been unable to obtain any intelligent justification as to why such unrealistic exchange rates were used in the sales of these commodities to the great financial loss of the United States. The startling thing about these transactions is that while the cost of subsidizing the sales of these commodities at the world market price is reported in detail to the Congress, no mention can be found anywhere as to the losses sustained by accepting an import exchange rate well below the commercial rate prevailing at the time of the sale.

Actually, the above cited example is only one type of a series of unbusinesslike practices and administrative abuses which flow from these commodity sales, resulting in huge dollar losses to the United States in this program, which is supposed to be carried on in a businesslike manner. Others are as follows:

1. As the portion of Public Law 480 sales proceeds which is to be loaned to the foreign government is placed in a special account in a bank of the foreign country, it becomes a part of that country's economy. In view of this, some countries, while signing loan agreements for this money, do not borrow it and it lies idle in the foreign country's bank, not bearing interest and depreciating to the extent that the country's currency may depreciate in relation to the dollar. Some idea of the extent of this practice may be reflected by the fact that, as of June 30, 1960, of Public Law 480 loan agreements in the dollar equivalent of $1,881,049,900.91, only $828,743,927.31 was actually disbursed.

2. Although a Public Law 480 commodity sale may have generated only one-half of the proceeds it should have, because of the acceptance of an unrealistic import rate, it is not uncommon that the loan agreement calls for a different rate, which almost invariably, is more favorable to the borrower and further shrinks the proceeds of the sale. The Treasury status report on Public Law 480, title 1, operations, dated June 30, 1960, reflects a net loss of $28.9 million due to loan agreement exchange rates less favorable than the import collection rates which generated the loan proceeds. Further, most of these loan agreements can be changed at any time without the knowledge of the Treasury or the Congress, and they, too, frequently deteriorate into something resembling a gift rather than a loan. The loose practices prevail not only with respect to Public Law 480 loans, but to all mutual security loans under the supervision of ICA, and the June 30, 1960, aggregate of such loans was $5.5 billion.

3. Many of the loan agreements provide that they can be repaid in U.S. dollars or in the currency of the borrowing country. However, the premium which is offered for paying in dollars is a 1 percent difference in interest (3 percent if paid in dollars and 4 percent if paid in the currency of the country).

4. In the sale of surplus commodities under Public Law 480, an interdepartmental committee consisting of representatives of the various Government agencies that have an interest in, or will be users of, a portion of the sales proceeds, determines the percentage of such portion that will be used for the various purposes in the importing country. These committees are sometimes referred to as "buzzard committees." From an examination of a number of the contracts, it might appear that each agency tries to obtain the largest possible percentage of the sales proceeds for its use, while the State Department seemingly tries to obtain all it can for the foreign country involved, and one can only wonder who is present representing the United States and the taxpayer. Seemingly, agencies are allocated funds far in excess of their real or immediate needs, which funds are then frozen in bank accounts in foreign countries and are subject to depreciation through inflation of the currency of such foreign countries. At the same time that these special allocations are accumulating in foreign banks, the U.S. Treasury is going into the commercial market and buying the same currencies with U.S. hard dollars. The June 30, 1960, balance of these foreign currencies in agency accounts aggregated the equivalent of $1.276 billion in U.S. dollars.

In my opinion, the above-outlined practices present a fantastic picture of waste and fiscal irresponsibility which may amount to billions of dollars in losses to the United States. They should be terminated immediately. The rate of exchange at which commodities are sold should be the market or Treasury selling rate of exchange. All losses resulting from exchange rate adjustments should be made a matter of record and reported to the Congress. Regulations should be in effect regarding the rates of exchange used on all mutual security loans. The same Treasury controls should be exercised over foreign currencies accrued by the United States or its agencies as are exercised over U.S. dollar accounts.

Foreign currencies generated by the sale of commodities pursuant to Public Law 480, title 1, should be managed in a more positive manner. Foreign countries which are the recipients of the loan portions of such sales proceeds should be required to take timely disbursement on such loans or the money should be withdrawn from such use. A greater portion of the U.S. use portion of the currencies generated by such sales should be available for general Treasury use and not frozen in particular agency accounts.

The Public Law 480, title 1, program has unlimited potential for assisting in the economic development of other countries and in providing currencies for U.S. use abroad, if it is placed on a businesslike basis.

* * * * * *

Exchange rates for title I, Public Law 480, transactions and U.S. dollar equivalent of anticipated total foreign currency collections computed at December 1960 market rates, June 1, 1959, to Mar. 11, 1961

Country	Agreement date	Currency unit	Collection rate [1]	December 1960 market rate [2]	Amount of agreement		U.S. dollar equivalent at market rate
					In U.S. dollars	In foreign currency	
					Thousands	*Thousands*	*Thousands*
China (Taiwan)	June 9, 1959	New Taiwan dollar	39.752	40.00	13,356	530,928	13,273
Poland	June 10, 1959	Zloty	24.00	55.00	43,796	1,051,104	19,111
Argentina	June 12, 1959	Peso	83.211	82.45	1,227	102,100	1,238
Korea	June 30, 1959	Hwan	543.29	650.0	33,000	17,928,570	27,582
Yugoslavia	July 9, 1959	Dinar	525.00	750.00	440	1,123,500	1,498
UAR (Egypt)	July 29, 1959	Pound	[3] .424066	.444864	58,475	24,797	55,741
Peru	Sept. 25, 1959	Sol	24.514	26.75	---	---	---
Indonesia	Oct. 1, 1959	Rupiah	44.611	45.00	11,266	502,588	11,169
Colombia	Oct. 6, 1959	Peso	6.6859	7.23	31,600	4,726	654
Vietnam	Oct. 16, 1959	Piastre	[4] 35.0	72.77	4,894	171,290	2,354
Iceland	Nov. 3, 1959	Krona	29.084	38.00	375	10,906	287
Poland	Nov. 10, 1959	Zloty	24.00	55.00	13,258	318,192	5,785
India	Nov. 13, 1959	Rupee	4.7707	4.735	239,315	1,141.700	241,119
United Arab Republic (Syria)	Nov. 14, 1959	Pouud	3.585	3.95	9,886	35,441	8,972
Uruguay	Nov. 16, 1959	Peso	[5] 4.11	11.00	3,936	16,177	1,471
India	Nov. 23, 1959	Rupee	4.7707	4.735	17,670	84.298	17,803
Uruguay	Dec. 1, 1959	Peso	[5] 4.11	11.00	21,007	86.339	7,849
Turkey	Dec. 22. 1959	Lira	9.0252	9.00	35,079	316,595	35,177
Greece	Jan. 7, 1960	Drachma	30.15	30.00	6,341	191,181	6,373
Israel	do	Pound	1.80	1.80	30,170	54,306	30,170
India	Jan. 8. 1960	Rupee	4.76	4.735	32,817	156,209	32,990
Uruguay	Jan. 13. 1960	Peso	[3] 4.11	11.00	5,850	24,044	2,186
Pakistan	Jan. 28, 1960	Rupee	4.8571	4.73	24,473	118,868	25,131
China (Taiwan)	Feb. 11, 1960	New Taiwan dollar	40.03	40.00	6,014	240,740	6,018
Poland	do	Zloty	24.00	55.00	40,306	367,344	17,588
Peru	Feb. 12, 1960	Sol	27.11	26.75	12,000	325,320	12,161
Vietnam	Feb. 13, 1960	Piaster	[4] 35.0	72.77	1,259	67,356	926
India	Mar. 21, 1960	Rupee	4.76	4.735	8,069	38,408	8,112
Finland	Mar. 23, 1960	Finnmark	320.776	319.00	4,561	1,463,059	4,586
United Arab Republic (Egypt)	Mar. 26, 1960	Pound	[5] .38767	.444864	14,943	5,793	13,022
Iceland	Apr. 6, 1960	Krona	38.10	38.00	2,038	77,648	2,043
Pakistan	Apr. 11, 1960	Rupee	4.8571	4.73	16,326	79,297	16,765
Do	do	do	4.8571	4.73	73,236	355,715	75,204
India	May 4, 1960	do	4.7600	4.735	319,000	1,518,440	320,684
Finland	May 6, 1960	Finnmark	320.776	319.00	100	32,078	101
Pakistan	May 27, 1960	Rupee	4.8571	4.73	520	2,526	534
Chile	June 2, 1960	Escudo	1.053	1.051	3,050	3,212	3,056
Yugoslavia	June 3, 1960	Dinar	[6] 525.00	750.00	18,849	9,895,725	13,194
Spain	June 22, 1960	Peseta	60.15	59.85	64,137	3,857,841	64,458
Israel	June 30, 1960	Pound	1.80	1.80	7,558	13,604	7,558
Vietnam	do	Plaster	[4] 35.0	72.77	847	45,315	623
Poland	July 21, 1960	Zloty	24.00	55.00	130,028	3,120,672	56,739
Iran	July 26, 1960	Rial	76.50	76.00	8,099	619,574	8,152
India	July 29, 1960	Rupee	4.7600	4.735	41,600	198,016	41.820

United Arab Republic (Egypt)	Aug. 1, 1960	Pound	.38[illegible]	.444864	58,530	22,690	51,004
United Arab Republic (Syria)	Aug. 9, 1960	do	3.585	3.95	17,473	62,641	15,858
Chile	Aug. 12, 1960	Escudo	1.053	1.051	350	369	351
China (Taiwan)	Aug. 30, 1960	New Taiwan dollar	40.03	40.00	14,200	568,426	14,211
Korea	Sept. 16, 1960	Hwan	[6] 650.0	650.00	810	526,500	810
Uruguay	do	Peso	[3] 11.03	11.00			
United Arab Republic (Syria)	Sept. 17, 1960	Pound	3.585	3.95	1,618	5,801	1,469
Pakistan	Sept. 23, 1960	Rupee	4.8571	4.73	10,300	50,028	10,577
India	do	do	4.7600	4.735	17,151	81,639	17,242
Iran	Sept. 26, 1960	Rial	76.50	76.00	10,751	1,021,887	13,446
Ecuador	Sept. 27, 1960	Sucre	15.15	17.45	1,000	15,150	868
Ceylon	Sept. 30, 1960	Rupee	4.7589	4.7275	5,100	24,270	5,134
Uruguay	Oct. 14, 1960	Peso	[3] 11.03	11.00	3,294	36,333	3,303
Iran	Oct. 20, 1960	Rial	76.50	76.00	1,217	93,100	1,225
Vietnam	Oct. 28, 1960	Piaster	[4] 35.0	72.77	7,500	401,250	5,514
France	Nov. 4, 1960	Franc	4.9062	4.9026	2,532	12,422	2,534
Indonesia	Nov. 5, 1960	Rupiah	56.25	45.00	16,149	908,381	20,186
Greece	Nov. 7, 1960	Drachma	30.15	30.00	13,761	414,894	13,830
Chile	Nov. 8, 1960	Escudo	1.053	1.051	28,900	30,432	28,955
Korea	Dec. 28, 1960	Hwan	[7] 650.00	650.00	35,100	22,815,000	35,100
Brazil	Dec. 29, 1960	Cruzeiro	[8] 226.54	204.00	34,415	4,094,699	20,072
India		Rupee	4.760	4.735	957,000	4,555,320	962,053
Turkey	Jan. 11, 1961	Lira	9.045	9.00	14,000	126,630	14,070
United Arab Republic (Egypt)	Jan. 16, 1961	Pound	.38767	.444864	4,600	1,783	4,008
China (Taiwan)	Feb. 9, 1961	New Taiwan dollar	40.03		3,600	144,108	3,603
Iceland	Feb. 27, 1961	Krona	38.10	38.00	75	2,858	75
Indonesia	Mar. 2, 1961	Rupiah	56.25	45.00	3,700	208,125	4,625
India	Mar. 9, 1961	Rupee	4.760	4.735	35,100	167,076	35,285
Pakistan	Mar. 11, 1961	do	4.8571	4.73	5,400	26,228	5,545
Do	do	do	4.8571	4.73	4,100	19,914	4,210
Grand total, June 1, 1959–Mar. 11, 1961					2,718,497		2,516,440
Difference between agreement amount in U.S. dollars and U.S. dollar equivalent at "market" rate							202,057

[1] In countries where a fluctuating rate exists the single rate listed represents the average weighted deposit rate.

[2] Market rate refers to the exchange rate at which the U.S. disbursing officer sells or disburses the foreign currency for purposes authorized by legislation. Market rate reflect exchange markets where these exist in the country concerned; otherwise, the market rate is determined by the Treasury Department in relation to the laws governing the currency.

[3] The rate of 0.44934 applied only to commodities during the period Apr. 25 to Sept. 1, 1959, while the rate of 0.41445 applied to freight. From Sept. 1, 1959, to Jan. 5, 1960, the rate applicable to both commodities and freight was 0.44934; from Jan. 5 to July 4, 1960, 0.42291 and from July 4, 1960, 0.38767.

[4] Under the amendments of Feb. 13, 1960, and June 30, 1960, and the agreement of Oct. 28, 1960, the Government of Vietnam is required to make supplemental one-time deposits of 11.011, 8.124, and 72.2 million piasters, respectively. These amounts are to be paid in full at the time of the 1st regular deposit of piasters, under each agreement or amendment thereto and gives the U.S. uses share a total number of piasters equivalent to the free-market rate.

[5] On and after July 1, 1960, the rate of exchange to be applied to deposits in paymens for commodities purchased and their ocean transportation shall be the free selling rate of the Uruguayan peso prevailing for the dollar on the date of dollar disbursement. This amendment to the earlier sales agreement changed the deposit rate without changing the value of the agreement.

[6] The unification of the exchange rate at 750, effective Jan. 1, 1961, solves the exchange rate problem for future agreements.

[7] To Jan. 1, 1961, the rate of exchange was 650; from Jan. 1, 1961, to Feb. 2, 1961, the rate was 1,000; and a further increase to the rate of 1,300 after Feb. 2, 1961, has been announced although final instructions to make it effective have not taken place.

[8] 85 percent of deposits are made at the official export rate of 100 cruzeiros per dollar and the remaining 15 percent at the free-market rate. The recent announcement of an intended reform of the exchange system may eliminate the necessity for differential rates in future agreements.

Source: U.S. Department of Agriculture, Foreign Agricultural Service, International Monetary Branch, Mar. 21, 1961.

NOTE.—The prior data reported by the department to the committee, referred to by Senator Russell, appears in the hearings on H.R. 7978, the supplemental appropriation bill, 1960, p. 842.

Unrecovered losses on foreign currencies resulting from differences in collection rates and market rates

[In thousands]

	Amount of agreement in U.S. dollars	U.S. dollar equivalent at market rate	Difference
Total, Nov. 15, 1954, to May 29, 1959	$3,547,682	$3,153,526	$394,156
Total, June 1, 1959, to Mar. 11, 1961 (corrected totals from p. 725 of Senate hearings on 3d supplemental appropriation bill for 1961)	2,718,497	2,516,440	202,057
Combined grand total from Nov. 15, 1954, to Mar. 11, 1961	6,266,179	5,669,966	596,213

Senator JOHNSTON. If there is no further testimony then, we will consider the hearing concluded and be ready to take the matter up in executive session.

I will just hold the record open until I can find out what other information should be included.

The subcommittee will adjourn subject to the call of the Chair.

(Whereupon, at 11:45 a.m., the subcommittee was adjourned, subject to the call of the Chair.)

(Additional statements filed for the record are as follows:)

WASHINGTON, D.C., *March 28, 1961.*

Hon. OLIN D. JOHNSTON,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR JOHNSTON: We shall greatly appreciate it if you will put in the record of the hearings on the Public Law 480 program this letter supporting an authorization for additional funds under title I.

While we are not as directly concerned with title I as we are with other parts of Public Law 480, we do, nevertheless, have a substantial interest in its continued and expanded use. Approximately $47 million had been committed for exports of dairy products through December 31, 1960, and some 80 million pounds of nonfat dry milk are expected to be programed from the additional $2 billion now under consideration.

Public Law 480 has proven its value as an instrument for moving agricultural products out of CCC warehouses into useful consumption throughout the world. The need for it still continues, and we support its expansion.

Sincerely,

E. M. NORTON,
Secretary, National Milk Producers Federation.

WASHINGTON, D.C., *March 28, 1961.*

Hon. OLIN D. JOHNSTON,
U.S. Senate, Chairman, Subcommittee on Agricultural Production, Marketing and Stabilization of Prices of the Committee on Agriculutre and Forestry.

DEAR SENATOR JOHNSTON: Because we were not able to be present at the hearing on S. 1027, we respectfully request that this letter in support of the bill be made a part of the hearing record.

The National Grange supports and urges the prompt enactment of S. 1027, a bill which would provide an increase of 2 billion dollars in the title I, Public Law 480 program, which has been recommended by the administration.

Public Law 480 has proved to be an unusually effective legislative instrument, (1) in making possible the sale of U.S. agricultural commodities in areas of the world experiencing a shortage of foreign and dollar exchange; (2) in assisting the development of new and expanding markets for American agricultural products; (3) in strengthening our national economy through the maintenance of export markets for agricultural products; and (4) in making effective use of our agricultural abundance in strengthening and developing the economies of the underdeveloped areas of the free world and in furthering our foreign policy objectives through such measures as "food for peace," etc.

The Grange believes that to the maximum extent practicable, our foreign aid and assistance should be made available through the use of our abundant agricultural supplies. The products of American farms should be recognized as the great national asset they are—assets which are capable of being used to assist the less developed areas of the world and to improve their economies by assisting in their balanced development; to strengthen our foreign policy posture; and to broaden foreign market opportunites for U.S. agriculture. U.S. agricultural products, we believe, can be used as capital assets to serve as the foundation for economic development.

Since the lasting benefit to be obtained for American agriculture under this program is in the development of new and expanded markets both short run and long run, we urge that greater emphasis be given to market promotion and development for the products of American agriculture, in both the commercial market areas and in the other areas of the world which will become dollar markets in the future as the economies of these areas grow and develop.

The great productivity of American farms makes it possible to supply the agricultural export commodities which are needed in many areas of the world. By meeting the needs of the less developed areas today, we are building and strengthening the world of tomorrow.

Since the present authorization has been, or is about to be, exhausted, the National Grange requests the enactment of S. 1027.

Very truly yours,

JOSEPH O. PARKER,
Legislative Counsel, National Grange.

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AMEND TITLE I OF PUBLIC LAW 480

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 4728

MARCH 15, 1961

Printed for the use of the Committee on Agriculture

Serial C

U.S. GOVERNMENT PRINTING OFFICE
67894 WASHINGTON : 1961

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AMEND TITLE I OF PUBLIC LAW 480

WEDNESDAY, MARCH 15, 1961

House of Representatives,
Committee on Agriculture,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Grant, Gathings, Abernethy, Albert, Abbitt, Thompson, Jones, Hagen, Johnson, Jennings, Matthews, Coad, Breeding, Stubblefield, McSween, Inouye, Hoeven, Dague, Belcher, McIntire, Teague, Short, May, Harvey, Findley, Dole, Beermann, and Reifel.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and John Heimburger, counsel.

The Chairman. The committee will be in order.

I call up H.R. 4728, a bill to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

We have with us this morning Mr. John Duncan, Assistant Secretary of Agriculture, and some of his associates from the Department of Agriculture.

Mr. Secretary, we are very glad to have you with us this morning, and we are very glad to have the administration's views on H.R. 4728.

(H.R. 4728 follows:)

[H.R. 4728, 87th Cong., 1st sess.]

A BILL To amend title I of the Agricultural Trade Development and Assistance Act of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

STATEMENT OF HON. JOHN P. DUNCAN, JR., ASSISTANT SECRETARY OF AGRICULTURE; ACCOMPANIED BY ROBERT C. TETRO, ADMINISTRATOR; R. A. IOANES, DEPUTY ADMINISTRATOR; AND PATRICK M. O'LEARY, ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE

Mr. DUNCAN. Mr. Chairman, I would like to introduce my colleagues with me here this morning.

On my left is Mr. Bob Tetro, who is the Administrator of FAS. On my right is Mr. R. A. Ioanes, who is the Deputy Administrator of FAS. And to Mr. Tetro's left is Mr. Pat O'Leary, who is the Assistant Administrator of FAS.

Mr. Chairman and members of the committee, I appreciate the opportunity to discuss with you the Department's request for an increase of $2 billion in the title I, Public Law 480, authority.

We are literally out of title I funds today. Programs in negotiation and in process of development will exhaust our current balances. We are being forced to defer action on several new requests because of the lack of funds.

Therefore, we urge that the $2 billion increase be considered and enacted promptly to permit commodity programing for the balance of this calendar year.

Need for additional authorization of $2 billion: For calendar years 1960 and 1961, the amount of title I funds available totaled about $3.5 billion. This amount included the $1.5 billion furnished for each of these 2 years plus about $500 million in unused funds carried over from previous authorizations.

The additional $2 billion we are requesting means that we expect to program a total of $5.5 billion during calendar years 1960 and 1961. This is virtually the same amount programed during the first five and a half years of Public Law 480.

Our present fund situation is this: Of the approximately $3.5 billion available for programing in calendar years 1960 and 1961, all but about $150 million has been committed under signed agreements. Requests for programs on hand far exceed this $150 million balance.

Therefore, action on several requests, including one that runs into hundreds of millions of dollars, is being deferred because of the lack of funds.

You are all familiar with the Pakistan agreement we are discussing with that country, which will be a 4-year deal.

To proceed: Authority to negotiate title I foreign currency sale agreements must continue without interruption so that we can keep commodities moving abroad in an orderly manner and in large volume. We must be in a position to meet commodity requirements of participating countries so they will not reduce consumption levels or fail to meet goals of consumption increases they urgently need to attain. Only by maintaining a steady flow of commodities under this program can we carry out the objectives of food for peace.

There are a number of reasons for the increased interest in the program. More and more, foreign countries now understand that "food for peace" is not a slogan, not an effort to dump our commodities on the world market, but is a positive program backed wholeheartedly by the American people. The program uses our abundance to improve

nutrition and economic development throughout the world on a continuing basis.

The President has taken the leadership in making the program a vital force for peaceful purposes.

Because of lower yields abroad for wheat and other commodities, countries are making larger requests for title I programs. Brazil is an example of a country where increased demand for U.S. wheat has resulted from poor crop conditions abroad.

Also, participating governments have indicated widespread interest in multiyear supply programs now that they clearly understand that such programs are welcomed by the U.S. Government.

We believe it makes sense to negotiate multiyear title I agreements similar to the 4-year agreement concluded last year with the Government of India. These arrangements assure the availability of adequate supplies of commodities to food-deficit countries; it lets them plan commodity procurement and shipment over longer periods and conduct such operations more effectively; it permits maximum use of facilities to receive, store, and distribute commodities; it allows coordination of import programs with local production; and it supports long range plans for total economic development.

The greater use of longer term supply commitments means that we should take a more careful look ahead at the continuing needs of underdeveloped countries and our own ability to supply these needs.

In short, we must develop a world food budget and a national food policy geared more effectively to meet food requirements.

Our request for an additional $2 billion authorization for the balance of this year indicates our strong desire to make greater use of this valuable program.

Farm productivity is national blessing: At this point, I want to make clear the administration's position on farm abundance. We do not view it as a problem which forces us into a surplus disposal operation. We do not view it as a national catastrophe.

Rather, we believe U.S. farm productivity is a national blessing. The American farmer is efficient and productive. And this capacity offers great opportunities to feed needy people in this country, particularly in depressed areas. There is also great opportunity to attack hunger and malnutrition overseas.

We are using U.S. farm products to help shape national and international policy. This is a positive policy. We have buried the dilemma of surpluses; we recognize our agricultural abundance as a national asset and seek its maximum use.

I might say that the difficulty Russia and Red China are having with food production further emphasizes the favorable position that we are in, with the abundance of food that we have in this country.

Title I program operations: Our efforts to make greater use of U.S. agricultural commodities are reflected in title I, Public Law 480, program operations. Commodities are now moving abroad in record volume and we believe that title I exports for the current fiscal year will be the largest on record.

Next year we expect shipments to be even larger. Increased movements, of course, are dependent upon enactment of the additional authority we are requesting today.

A brief reference to the volume of exports best illustrates the commodity impact of title I. Total U.S. exports of wheat for the year

ending June 30 should reach about 600 million bushels, more than half of which will move under title I. Rice exports should reach 20 million bags, and vegetable oil exports should total 1.6 billion pounds; again more than half of these quantities will move under title I.

Title I feed grain and cotton exports, although not as significant in total U.S. agricultural exports, continue in important volume. Title I feed grain exports this year should run about 70 million bushels and cotton exports should total about 1.2 million bales.

We are also developing programs to make available a wider variety of commodities, for example, poultry, to upgrade the diets of needy people abroad.

Total U.S. agricultural exports: I want to emphasize that our primary interest in agricultural exports is commercial sales for dollars. Seventy percent of our total exports are commercial sales for dollars. Public Law 480 serves as a large and supplementary means for the Department to expand foreign markets for U.S. agricultural commodities. Here the outlook is bright. For the year ending June 30 we expect to exceed the record of $4.7 billion established in fiscal year 1957. The 1957 record was stimulated by the Suez crisis.

The volume of exports will also establish a new record—a high level of shipments is expected for wheat, cotton, rice, vegetable oils, tobacco, soybeans, and poultry. Our promotion of commercial sales for dollars, alone with greater emphasis on feeding needy people through special export programs such as Public Law 480, gives promise for continuing high agricultural export totals.

We will be glad to furnish more information on some of the operations and policies we have discussed only briefly in this statement. We feel there is great hope that the production of U.S. farmers can be put to greater use in the United States and in many parts of the world.

In our testimony today, we are requesting an additional $2 billion for title I programing. We appreciate that there are other changes in the law which should be considered. However, the need for additional funds is so urgent that we recommend you defer action on such other amendments.

We assure you that the administration will have proposals for changes in the law. These will be presented along with our recommendations for continuation of Public Law 480 beyond December 31, 1961.

I urge that this committee give prompt consideration to H.R. 4728 to provide additional funds to continue title I of Public Law 480 operations. We strongly support this bill.

The CHAIRMAN. Thank you, Mr. Secretary for your presentation. I would like to ask you a few questions.

First I would like you to tell the committee, if you can, why it is that no title IV program has been consummated.

Mr. DUNCAN. Mr. Chairman, we are certainly friendly toward title IV. We are pushing title IV. And we expect to make an announcement within the very near future of our first transaction under the program.

The CHAIRMAN. Is it not a fact that the Congress authorized programs under title IV as a loan program?

Mr. DUNCAN. That is true.

The CHAIRMAN. That is the program that contemplates sales for dollars, at low-interest rates?

Mr. DUNCAN. Correct.

The CHAIRMAN. Do you not think that program should be used more in fact as a program?

Mr. DUNCAN. Mr. Chairman, we certainly are friendly, as I said, toward the title IV authority. We have already begun moving in that direction. We are pushing title IV. And we are right now on the verge of signing an agreement with a foreign country for our first sales under the program.

The CHAIRMAN. I think I am correct in saying that I received a communication some time ago—a few weeks ago—which indicated that the Department was concerned over the fact that we had accumulated large sums of foreign currency from foreign countries. Will you provide for the record information as to where the foreign currencies are and the volume, that have accumulated in different countries of the world.

Mr. DUNCAN. Mr. Tetro is familiar with it.

The CHAIRMAN. Yes.

Mr. TETRO. We will be glad to furnish that for the record. We have this information available.

(The information follows:)

The following three tables furnish information on the use of foreign currencies received in payment for commodities shipped under the title I, Public Law 480, program.

Table I shows the use to be made of foreign currencies under agreements signed from the beginning of the program through December 31, 1960. It shows the total amount by country to be received by the United States when the agreements are fully implemented; the amounts specified in agreements to be used by foreign countries under 104(c) common defense grants, 104(e) economic development grants, and 104(g) economic development loans; the amounts set aside for Cooley amendment loans to private business firms under 104(e); and finally the amounts of currencies set aside for U.S. agency uses.

Table II shows the status of the use of foreign currencies by country; the amounts in agreements through December 31, 1960; and allocations, collections, and disbursements through September 30, 1960, as obtained from the latest foreign currency report prepared by the Treasury Department. As of September 30, 1960, foreign currencies deposited to the account of the United States totaled about the equivalent of $4 billion and disbursements made through that date total about $1.7 billion. The difference of about $2.3 billion was on hand and not yet disbursed.

Table III shows the status of foreign currencies by the specific uses authorized in section 104 of Public Law 480. It shows as of September 30, 1960, allocations made by the Bureau of the Budget, amounts transferred to U.S. agency accounts, and disbursements made by U.S. agencies.

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TABLE 1.—*Uses of foreign currency as provided in title I, Public Law 480 agreements signed July 1, 1954, through Dec. 31, 1960* [1]

[Amounts are in dollar equivalents at the deposit rate of exchange]

Country	Total amount in agreements (market value including oversea transportation)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	For U.S. uses [2]
	Thousand dollar equivalent	*Thousand dollar equivalent*	*Thousand dollar equivalent*	*Thousand dollar equivalent*	*Thousand dollar equivalent*	*Thousand dollar equivalent*
Argentina	64,100			8,250	36,500	19,350
Austria	42,940				26,328	16,612
Brazil	214,420	2,000			178,547	33,873
Burma	40,700		6,000		26,550	8,150
Ceylon	26,100		4,340	6,540	9,580	5,640
Chile	71,900	100		850	56,330	14,620
China (Taiwan)	55,500	30,550		8,600	2,300	14,050
Colombia	70,890	80		11,270	41,180	18,360
Ecuador	10,940			710	7,660	2,570
Finland	44,735			3,165	25,454	16,116
France	60,440			13,989		46,451
Germany	1,200					1,200
Greece	86,000		7,470	5,945	47,350	25,235
Iceland	10,270			765	7,374	2,131
India [3]	1,345,203		369,875	112,634	667,708	194,986
Indonesia	164,300		21,900	13,600	91,895	36,905
Iran	32,446	5,763		1,557	15,605	9,521
Israel	168,554		4,200	25,827	111,537	26,990
Italy	152,900			6,250	100,500	46,150
Japan	150,800	700	600		108,850	40,650
Korea	201,000	162,910		3,500		34,590
Mexico	28,200			7,100	13,600	7,500
Netherlands	275					275
Pakistan	396,870	79,366	57,592	41,712	135,392	82,808
Paraguay	3,000				2,250	750
Peru	37,280	100		4,962	21,523	10,695
Philippines	14,400	3,100		1,000	5,200	5,100
Poland	365,300					365,300
Portugal	7,100				3,400	3,700
Spain	456,130	9,910			228,730	217,490
Thailand	4,600				2,050	2,550
Turkey	232,265	67,739		18,230	48,092	98,204
UAR (Egypt)	198,800			37,450	113,400	47,950
UAR (Syria)	28,200			5,200	16,900	6,100
United Kingdom	48,150					48,150
Uruguay	46,400			11,550	23,300	11,550
Vietnam	20,500	10,228		5,100		5,172
Yugoslavia	408,530		114,290		213,091	81,149
Total	[4] 5,311,338	372,546	586,267	355,756	2,388,176	1,608,593
Uses as percent of total	100.0	7.0	11.0	6.7	45.0	30.3

[1] Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

[2] Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsecs. 104 (a), (b), (f)), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), and sometimes (d) insofar as specified in agreements.

[3] Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960.

[4] Amounts shown in this column may differ from amounts on table I, which reflects purchase authorization transactions.

TABLE 2.—*Status of foreign currencies under title I, Public Law 480*

[Amounts are in million dollar equivalents]

Country [1]	Agreement amounts through Dec. 31, 1960	Allocations by Budget Bureau through Sept. 30, 1960	Collections through Sept. 30, 1960	Disbursements by agencies through Sept. 30, 1960
Argentina	64.1	33.4	30.6	11.1
Austria	42.9	40.1	40.1	30.1
Brazil	214.4	155.2	157.0	68.6
Burma	40.7	36.8	36.7	6.1
Ceylon	26.1	16.4	17.1	6.5
Chile	71.9	38.8	38.9	32.6
China (Taiwan)	55.5	35.1	39.5	23.2
Colombia	70.9	46.0	43.2	23.8
Ecuador	10.9	8.4	8.4	6.8
Finland	44.7	48.7	38.4	24.8
France	60.4	33.4	31.9	17.7
Germany	1.2	1.2	1.2	1.1
Greece	86.0	69.5	69.9	57.4
Iceland	10.3	7.7	8.3	6.0
India	1,345.2	821.5	877.6	143.5
Indonesia	164.3	121.2	132.7	15.8
Iran	32.4	12.5	12.4	10.9
Israel	168.6	144.7	151.7	95.8
Italy	152.9	143.3	144.2	109.8
Japan	150.8	141.4	146.4	133.0
Korea	201.0	160.9	154.3	144.1
Mexico	28.2	25.2	25.2	17.1
Netherlands	.3	.3	.3	[1] .5
Pakistan	396.9	246.1	300.9	154.6
Paraguay	3.0	2.9	2.9	2.4
Peru	37.3	25.1	25.2	19.1
Philippines	14.4	13.0	13.8	10.4
Poland	365.3	38.9	236.0	1.0
Portugal	7.1	7.1	7.1	5.2
Spain	456.1	363.6	395.6	188.1
Thailand	4.6	4.3	4.3	3.2
Turkey	232.3	198.5	206.0	110.3
UAR (Egypt)	198.8	112.4	126.5	22.9
UAR (Syria)	28.2	7.7	9.2	.2
United Kingdom	48.2	43.8	48.5	21.7
Uruguay	46.4	33.9	34.7	6.4
Vietnam	20.5	10.4	8.2	3.6
Yugoslavia	408.5	358.9	388.6	179.9
Total	5,311.3	3,608.3	4,013.4	[2] 1,715.3

[1] Disbursements exceed collections because of conversion from other currencies.
[2] Excludes about $720,000 equivalent disburses in nontitle I countries through convertibility.

TABLE 3.—*Status of foreign currencies under Public Law 480 as of Sept. 30, 1960*

[Amounts are in million dollar equivalent]

Uses as specified in sec. 104, Public Law 480	Allocation by Bureau of Budget	Transfers to agency accounts	Disbursements by agency
104(c) common defense	317.8	299.0	268.2
104(e) grants for economic development	349.6	219.3	79.0
104(e) loans to private enterprise	255.0	206.9	35.4
104(g) loans to foreign governments	1,739.7	1,566.7	885.1
U.S. uses:			
Treasury: 104(f) payment of U.S. obligations	584.2	550.5	313.7
Agriculture: 104(a) agricultural market development, 104(k) scientific activities, 104(m) agricultural fairs	105.7	67.8	20.5
International Cooperation Administration: 104(d) purchase of goods for other countries	63.9	51.3	30.8
Defense: Military family housing [1]	101.5	105.6	65.0
State:			
104 (h) and (j) international educational exchange and American-sponsored schools and centers	63.8	53.3	14.5
104(l) buildings for U.S. Government use	5.2	.5	------------
U.S. Information Agency: 104 (i) and (j) translation of books and periodicals and American-sponsored centers	15.1	12.1	3.1
Health, Education, and Welfare: 104(k) scientific activities	5.2	.3	------------
National Science Foundation: 104(k) scientific activities	1.6	1.1	.6
Total	3,608.3	3,134.4	[2] 1,715.9

[1] Includes small amount for other 104(f) uses. Defense also uses currencies for 104(k) scientific activities, totaling less than $50,000 through Sept. 30, 1960.
[2] Includes $720,000 disbursed in nontitle I countries.

The CHAIRMAN. There is one other thing that also disturbs me. I know in some countries we have run out of foreign currency. And I am told that you cannot take foreign currency in one country and convert it over into that of another country. Why can that not be done; and if necessary, why do we not amend the law so as to permit that to be done, to be used in that fashion?

Mr. TETRO. Mr. Chairman, under title I agreements we do try to get 2 percent as convertible foreign currency. We have had, I think, some success in doing this. And you are right in saying that in a number of countries today we are getting greatly reduced amounts of local currencies compared with earlier years of this program.

The one difficulty that other countries have seen in the local currency program for permitting a larger part of the agreement to be used on a convertible basis is that it then proves to be a straight cash sale to a larger extent.

We have so far had, I think, reasonably good success with most countries in getting agreement to convert in recent programs. And I believe that our proposals for this year for agricultural market development purposes where we have to have hard currencies is in the order of $4.5 million, of which we have already been able to convert well over $3 million.

In other words, in this year's trade promotion work, the target figure is about $4.5 million, which I think will be converted.

I do not know that we need a specific amendment to support us further in this, but I can assure you that this is the desire of the administration to get as many of these currencies converted as are needed for the trade promotion program.

The CHAIRMAN. It is your understanding, then, that under existing law you can provide in the basic agreement for the convertibility of currency?

Mr. TETRO. Yes, sir.

The CHAIRMAN. I thought it could be done, but my recollection is that I was told by our attaché in Rome that all of the counterpart funds had been used and some part of it had been converted into funds used in connection with some program for some Scandinavian country.

Mr. TETRO. Yes, sir.

The CHAIRMAN. What about the necessity for this legislation? Do you regard it urgent that we pass this law?

Mr. DUNCAN. We do, Mr. Chairman.

The CHAIRMAN. How much money do you have now uncommitted?

Mr. DUNCAN. Uncommitted?

The CHAIRMAN. Yes.

Mr. DUNCAN. Approximately $150 million. We have requests on hand, Mr. Chairman, that are imminent, of more than $1 billion. We are having preliminary discussions on an additional few hundred million dollars of programs. The small balance of the $2 billion will be used for programs we believe will come up soon for final signature between the United States and importing country.

The CHAIRMAN. Enough requests on file for that?

Mr. DUNCAN. Yes.

The CHAIRMAN. To commit the funds?

Mr. DUNCAN. Yes, sir.

The CHAIRMAN. Is there any reason why we should not insist upon convertibility in all contracts?

Mr. TETRO. Mr. Chairman, we are trying to get 2 percent in all programs at the present time for agricultural market development.

The CHAIRMAN. What is that?

Mr. TETRO. We are trying to get 2 percent of convertibility into all programs at the present time for agricultural market development.

The CHAIRMAN. Just 2 percent?

Mr. TETRO. Yes, sir.

The CHAIRMAN. Why do you not make it all 100 percent or 50 percent? Two percent is no amount. I think it is important for this committee to have for these bills before the House a statement indicating where the currency is, how it is being used, how much has been converted, and how much is not converted, so we can intelligently understand the question.

Mr. TETRO. We will supply this information.

(The information follows:)

In developing title I programs the Department seeks to obtain agreement of participating countries to permit convertibility of 2 percent of the sales proceeds. In most cases, this is being obtained. During the first 6 months of fiscal year 1961 the market value of agreements, or the potential amount of currencies to be received, totaled the equivalent of $477.3 million of which agreement was obtained to convert the equivalent of $5.8 million.

The amounts of foreign currencies that can be converted under the program are extremely limited because countries eligible for title I programs are those whose financial condition precludes the purchase of commodities on a normal cash basis.

The CHAIRMAN. Mr. Short.

Mr. SHORT. Mr. Chairman, the question that I wanted to ask Mr. Duncan and Mr. Tetro covers the same field. And that is, if they would provide us with a brief explanation of what the reason is for this rather considerable increase in the potential for these foreign sales to foreign countries. And what countries, if they want to delineate it that much.

Mr. DUNCAN. The Pakistan 4-year agreement we are discussing with them totals right out at $1 billion.

Mr. SHORT. That is in addition to what was anticipated under the availability of funds that are included in the last session?

Mr. DUNCAN. That is correct.

Mr. TETRO. Mr. Chairman, we had in our testimony the two basic reasons for these increased obligations under this authority.

The first is that a number of countries, owing to their long-term development programs, are anxious to take advantage of the multiyear agreement. When we sign them, we obligate for the entire amount.

For example, the Indian agreement of last year, which is a 4-year agreement, is over $2 billion itself.

In addition to this instance there is very much increased interest among other countries in multiyear agreements.

As most of you know, sir, there have been some difficult weather situations around the world, and this is one of the reasons for the increase for wheat. The world, as a whole, has had some difficulties with crops.

While we have not participated in the shortages in the Balkans, east Balkans, and in mainland China, some of our competitors have, and, as a result, we have been filling in, in back of them. This is a definite factor in the wheat increase.

There also has been bad weather in some other important wheat areas.

I believe, Mr. Short, these are the two big reasons: difficult weather in other parts of the world, and the very much increased interest in multiyear agreements.

Mr. SHORT. Thank you.

The CHAIRMAN. I will yield to Mr. Poage.

Mr. POAGE. I wanted to find out, do we now have a pattern for all of these agreements—are we including that clause in all of these agreements?

Mr. TETRO. Mr. Chairman, I think the answer to that is that it is not a pattern. The fact that it is a multiyear agreement of a substantial kind having some relationship to a national economic development program has increased the interest of other countries in doing the same thing.

But as the committee has suggested before, we feel that every request is a separate case.

Mr. POAGE. I am not bothered about the 4-year feature of it. I think that is essential. I have already expressed my views that we must give these people that for a substantial period of time if we are going to have this program. They cannot do it on a year-to-year basis. And we have to have a program, and you have got to have the authority, to make the payment over a period of years, in order to make the program satisfactory.

What I am talking about, what I am not satisfied with, and what I do not personally approve of—and I do not speak for anybody but myself—is this matter of a gift of 42.5 percent. Are we using this policy of making or of letting 480 be used as a means of covering up direct grants to countries?

Mr. TETRO. Mr. Chairman, I think the answer to that is a part of what we hope to present to the committee when we come up for the extension of titles I and II of Public Law 480.

Mr. POAGE. Have you since we entered into these agreements—has every other agreement that you have in this, since that time, contained a provision for a grant?

Mr. TETRO. The answer to that is "No."

Mr. POAGE. What have you got in the way of your major agreements—what happens on your major agreements? Have you in effect basically included grants to other nations?

Mr. TETRO. In many agreements; yes, sir.

Mr. POAGE. Similar to the Indian agreement?

Mr. TETRO. Yes.

Mr. POAGE. And it is a pretty well established policy of the Department to give away 42.5 percent of anything that we sell under Public Law 480; is that not right?

Mr. TETRO. Mr. Chairman——

Mr. POAGE. Do not tell me "No," Mr. O'Leary, unless you can cite me the cases where you have not done it and do not cite me a hundred-thousand-dollar agreement, either. Let us talk about these billion-dollar agreements to see if they contain that kind of thing. What does the Pakistan agreement contain?

Mr. TETRO. It has not been negotiated yet.

Mr. POAGE. Are you proposing to put it in? Do you propose to give them 42.5 percent?

Mr. TETRO. I do not know.

Mr. POAGE. How are you going to say to Pakistan that we treated India one way—we gave India 42.5 percent, and we will not give you 42.5 percent—how can you complete the agreement if you do that?

You would have to follow one course or the other, gentlemen.

Mr. TETRO. Mr. Chairman, I do not know——

Mr. POAGE. We know that you must do that.

Mr. TETRO. We have as a part of the administration policy been making substantial grants to countries as is shown in the following table.

The percentage of foreign currencies set aside each fiscal year in agreements for country grants is as follows:

	104(c) common defense grants	104(e) economic development grants	Total percent, 104 (c) and (e) grants
Fiscal year:			
1955	7.0	12.7	19.7
1956	10.0	7.6	17.6
1957	10.9	5.2	16.1
1958	9.6	1.4	11.0
1959	3.9	9.0	12.9
1960	1.8	27.1	28.9

Mr. POAGE. That is right. I know that—we know you have been doing it. Why do we not tell the U.S. public that? And why does this committee not act upon the basis that we are going to understand that what you propose to do with this $2 billion is not simply to sell for foreign currency, but to give away 42.5 percent of it and then sell the balance for foreign currency?

That is actually what we are doing, is it not?

Mr. TETRO. Mr. Chairman——

Mr. POAGE. I think you are wrong, but you can make an argument in behalf of giving this currency away later on. It was pointed out

if we pass this authorization, it involves giving away, plain giving away, of over $500 million.

The CHAIRMAN. That is not morally wrong.

Mr. POAGE. I am not saying it is. This clearly involves a give-away of $0.5 billion before you get any foreign currencies.

Mr. MATTHEWS. The committee ought to know about it.

Mr. POAGE. That is all I am contending. This committee ought to know about it. I think the Department ought to tell me what is in these bills. I think we ought to be able to go out on the floor—and if there is a good reason for giving away $500 million, Mr. Matthews ought to get on the floor and defend it. If there is not a good reason for it, then we ought not to bring such a bill out.

Mr. TETRO. Mr. Chairman, may I state two things on this. First, over the last 6 months of 1960, our percentage for grants as such is not in the magnitude of 42.5 percent. They, probably, are less than 10 percent. This is on the basis of signed agreements.

On the other hand, Congressman Poage——

Mr. POAGE. I know we have agreements made in the last 6 months; you have made deliveries on some of those.

Mr. TETRO. These are agreements signed in the last 6 months of 1960. I might add, however, that for the current fiscal year as a whole the percentage of grants will be substantially higher than 10 percent.

As to the general question that Congressman Poage has raised, Mr. Chairman, on that question, there are other people who do share his views. And the reason I think we are unable today to give a more direct answer is that this problem is being studied. There are many eminent economists who, along with our Congressman from Texas, feel this should be looked at rather carefully to see if there is not some other way that both we and the other countries would agree is a better way to handle it.

But I think the Secretary will agree we are not in position today to say how those are going to develop. But I can assure Congressman Poage that his point of view is definitely being taken into account and is shared by other people.

Mr. POAGE. How long do you think the $2 billion will last?

Mr. TETRO. To the end of this year, sir.

Mr. POAGE. Until the end of this year?

Mr. TETRO. Yes.

Mr. POAGE. How long will it take to use up that $1.5 billion?

Mr. TETRO. What?

Mr. POAGE. How long will it take to use up the $1.5 billion?

Mr. TETRO. We have had in the current authority $3.5 billion. This is now practically all obligated. We have about $150 million left, which would not cover agreements already in process of negotiation.

Mr. POAGE. You had $1.5 billion in last year's authorization, did you not?

Mr. TETRO. $1.5 billion per year, plus $500 million carryover from unused previous funds.

Mr. POAGE. How long did it take to use that?

Mr. TETRO. Roughly, 15 months.

Mr. POAGE. How long?

Mr. TETRO. The $1.5 billion?

Mr. POAGE. Yes.

Mr. TETRO. Less than a year.
Mr. POAGE. Less than a year?
Mr. TETRO. Yes.
Mr. POAGE. It took about 9 months. It has been in the last fiscal year?
Mr. TETRO. Over the 2-year period, sir, we are now, roughly, what—15 months—and the programs have just about taken up the $3.5 billion available.
Mr. POAGE. Well, now, I notice that the bill contains language that I think may have been provided possibly in the past:

in amounts in excess of $3.5 billion, plus any amount by which agreements entered into in the preceding calendar year have been called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year.

Does that mean that the $2 billion we appropriate——
The CHAIRMAN. Let me interrupt. Your appropriations for the calendar year are $2 billion.
Mr. TETRO. Yes.
The CHAIRMAN. You have committed all funds up into March; is that right?
Mr. TETRO. Yes, sir.
The CHAIRMAN. You need $2 billion more, to carry on for the rest of the year?
Mr. TETRO. Yes, sir.
The CHAIRMAN. And it commits $1.5 billion from January to March. That is what it has in mind. I suppose all of them have a certain amount of grant.
Mr. TETRO. Most of them do.
The CHAIRMAN. Most of them do have grants?
Mr. TETRO. Yes.
The CHAIRMAN. You provide in the agreement that the country with which you are dealing use a certain portion of the funds for internal improvement; is that right?
Mr. TETRO. That is right.
Mr. DUNCAN. That is correct, Mr. Chairman.
The CHAIRMAN. And then some of it is in loans?
Mr. TETRO. Yes; in most cases.
The CHAIRMAN. And a percent is for promotional purposes, and a certain amount is set apart for that what they call the Cooley provision?
Mr. TETRO. Yes, sir.
The CHAIRMAN. A lot of those countries with which you have been dealing, have deleted those funds, have they not?
Mr. TETRO. Yes, sir.
The CHAIRMAN. Have those funds run completely out?
Mr. TETRO. Yes, sir.
The CHAIRMAN. Why would it not be well to insure the use of those funds in basic agreements so that the funds shall be set aside, as we indicated they should be? I understand some countries do not like the idea of loaning this money to local businessmen to expand industries in their own nation. Is that not true? That is one of the difficulties?
Mr. DUNCAN. We have run into that. Mr. Ioanes, Mr. Chairman, can give you that information.

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Mr. Ioanes. That is correct.

The Chairman. If we are going to give away all of this money in all of these other countries, why cannot we insist upon these conditions being carried out in the basic agreements with the countries receiving them or hold off the deal?

Mr. Ioanes. In most cases we have come mighty close to that. With regard to the Cooley provision you talk of, without identifying particular countries—I do not think we ought to do that on the record—there are two countries that refused to permit any loans to American business. The alternative is to say, "No" to them completely and not move the commodity, or to negotiate as best you can and hope that next year you will do a better job of convincing them.

The Chairman. Do you not agree that in order to move commodities you are going to have to make up your mind about that?

Mr. Ioanes. Yes, sir.

The Chairman. You are not asking for any additional authority—you are asking for money. You are asking for the appropriation of $2 billion more. Mr. Poage was the author of the amendment that we wrote into the law authorizing the sale for a period of 20 years at low interest rates. And yet up to now you have not made any long-term loans and you have not committed any at low interest rates. If you will use the authority put in the bill by this Congress for this, we feel it would help. The maximum has been used as a minimum interest rate. If you carry out the intent and purpose of this law at low interest rates, and make it 15 years instead of 2 and 3 years, you will remove these objections.

Mr. Duncan. We agree with you that this authority should be used. As I said before, we are very concerned about moving these commodities for dollars, and I know your views on this. Over a long period of time you have made them clear.

We feel we are moving in the right direction because we are hopeful of signing an agreement soon with a country under title IV with payment in dollars at 3.75 percent. I believe that is what you are interested in.

Mr. Poage. How much?

Mr. Duncan. 3.75-percent interest.

Mr. Poage. I want this in the record. What I proposed as the author was 2-percent interest and that is because the Soviets are, at least claiming, to make loans at 2 percent and the world believes it, whether it is true or not. On the other side of the coin, we are selling commodities which we now have in storage which are costing us some 14 to 20 percent a year in carrying charges. And if you can get 2-percent interest, instead of paying 14 percent, you are getting about 16-percent return on your money. There is not another place I know of where the U.S. Government can make that kind of return other than through this program.

The 1.75-percent difference, which is nearly 50 percent more than the Soviet claims to be charging, is enough to make the difference of whether you sell in a great many countries or whether you do not sell. It is a 100-percent increase in carrying costs for the purchasing countries. It is a question of whether we pay 16 or save 14.25 percent. I am in favor of saving 14.25 percent rather than lose the deal.

You are not selling anything that you do not have a storage charge on, are you?

Mr. DUNCAN. That is right for the great bulk of commodities.

Mr. POAGE. Every time you sell something you are saving a storage charge. Once you save that charge, it is equivalent to additional interest to the U.S. Government.

So I do not want you to feel that this member of the committee is satisfied—and I want to speak only for myself—I do not want you to understand that this member of the committee is a bit satisfied with that interest rate.

Mr. DUNCAN. This country thought it was a good deal. They were willing to pay 3.75 percent. We are not necessarily setting that as any standard to go by.

Another thing is that we are, also, sending abroad under Public Law 480, title I, crops that are not under price support.

Mr. POAGE. What is that?

Mr. DUNCAN. Poultry, for example.

Mr. POAGE. You are not selling dried eggs that are in storage. You are not drying eggs just to sell them.

Mr. DUNCAN. These commodities come out of the market.

Mr. POAGE. Are you buying them and drying them just for the purpose of selling them at a discount?

Mr. DUNCAN. They are eligible under title IV.

Mr. POAGE. They are in surplus?

Mr. DUNCAN. Yes, that is correct. I do want to reiterate what I have said, we are taking a good look at opportunities to use title IV.

The CHAIRMAN. On this question of financing with some of these countries, they cannot do business with us because they thought our interest rate was too high and our repayment period too short. If you will use the law as Congress has given it to you, I think you will move these commodities.

Mr. DUNCAN. We are doing that.

The CHAIRMAN. One other question.

We authorized the use of these commodities in barter transactions by the Department for strategic materials selected by the President of the United States, not by Congress, not by this committee.

Now, I understand we have some material for which we bartered, about $105 million in storage, which are worth more than when we got them. Why can you not step up that? I would rather have strategic material rather than have surpluses piled up here that we cannot use. What do you say about that?

Mr. DUNCAN. We are studying this barter program very carefully. And we will, certainly, in the very near future establish a firm policy on this. Barter can be useful to move commodities.

Mr. POAGE. In that connection, may I ask this question? We anticipate there is going to be a sugar bill authorizing substantial purchases of sugar. A good many of those countries which produce sugar are, also, recipients of our food under Public Law 480. Why should we not—why is it not good business—maybe the President has plans for doing this—I wonder if you have any plans—of using this in foreign trade, when we want to buy sugar from a country we will do so providing they take some American wheat, they take some American cotton? If we are going to buy their sugar at a favorable rate, why not do that?

The CHAIRMAN. That is a concrete example. If we take 1,000 tons of sugar, have them take back a boatload of wheat. That makes sense to me.

Mr. POAGE. They did not talk about the wheat in that relation. They talked about taking wheat under Public Law 480.

The CHAIRMAN. I understand that.

Mr. POAGE. Taking wheat back under Public Law 480 and have us pay them cash for sugar.

What I want to know is why we cannot do this, in the agreement with India? I am not advocating breaking agreements, What I am talking about is when we go to dealing with other countries, and there are sales, they get commodities under Public Law 480. Are we talking to these people about the proposition if you want to sell us sugar, how much wheat will you buy?

Mr. DUNCAN. We would have to take a good look at this.

Mr. POAGE. Are we dealing with anybody now on the basis of selling them American wheat or other surplus commodities and their selling us sugar in return?

Mr. DUNCAN. Congressman Poage, on a direct barter basis?

Mr. POAGE. I am not talking about a barter basis. Of course, under this bill the President will have the say as to what country from which we are going to buy a great deal of sugar. There is no criteria as it stands today. The President has that authority to buy where he thinks best. It does not mean that John Kennedy is going out and doing this. It means the Department of Agriculture. Do you have any negotiations with any country—I will not ask you to name any—do you have any negotiations going on with any countries to suggest that, "If you will buy X number of bushels of American wheat——"

The CHAIRMAN. Or barter it.

Mr. POAGE (continuing). "That we will then authorize the sale of X tons of sugar in the American market at a favorable price?"

Do you have have those kind of negotiations?

Mr. DUNCAN. There may be three or four proposals.

Mr. POAGE. Do you think well of that?

Mr. DUNCAN. I think we need to see what they involve.

Mr. POAGE. Do you not think that otherwise it would be rather foolish if along about May you come up and show us that you have made Public Law 480 agreements, using the $2 billion that you are asking for now, with countries that could have paid us money, or in sugar, or in other products?

Mr. DUNCAN. I hope we can look at these instances in the very near future.

Mr. POAGE. I want to know what you are going to do. Would you not agree that it would look rather ridiculous if you came up with those kind of statements?

Mr. DUNCAN. I would say this, Mr. Cooley, that we must examine these cases.

The CHAIRMAN. Let me give you one case. A delegation from Manila is on its way here—on their way to Washington—coming here because they want to sell sugar and more sugar, to have more quota and more quota.

I want to remind you of the fact that they have on their books over there now a law that discriminates against American-grown tobacco.

I do not think that they come in good grace here when they come here asking us to let them sell sugar in our market, and they refuse to take in return American goods.

Mr. DUNCAN. I agree that we should seek to eliminate such trade barriers.

The CHAIRMAN. I want somebody to tell them. I do not believe in this business of giving them freedom for shipping in sugar and then they sit back over there and play footsie with everybody else in the world excepting they will not buy our tobacco. That is what I think Mr. Poage has in mind.

We put in the sugar bill. And we want consideration to be given to countries that have been purchasing and are willing to purchase American surplus commodities. And you are the one that is going to be held to account for seeing that it is properly administered.

Mr. POAGE. You have this program for market development. We gave you authority to use 5 percent of the money.

Mr. TETRO. Yes; 5 percent.

Mr. POAGE. And you used it for promotion of sale of our products abroad?

Mr. TETRO. Much of it; yes, sir.

Mr. POAGE. You never have used the 5 percent?

Mr. TETRO. No, sir; not in total.

Mr. POAGE. Why?

Mr. TETRO. Mr. Chairman, we have asked the groups with whom we are cooperating in market development to sit down with us. We met with them a week before last to review this entire program. We are trying to develop market development plans far enough ahead so we will know what the needs are in this area. And then I think we will have a report which will give us a better idea of what these demands are. Part of the answer to Congressman Poage's question is that so far promotion programs with trade cooperators have been carried on with the 2-percent convertibility plus the availability of other funds in countries where they are working has been sufficient.

Mr. POAGE. Is the 2 percent intended only to take care of the trade development fund?

Mr. TETRO. Yes, sir.

Mr. POAGE. That is all you are trying to get?

Mr. IOANES. I might add this: The 2 percent in conversion means going to a government like India, for example, and asking them to convert rupees into German marks or into Swiss francs. So the conversion refers to other countries other than the big title I countries. And then of course, we also have use of currencies in the title I country for market development.

Mr. POAGE. In most cases the effect of that is making that much available in dollars?

Mr. TETRO. Yes.

Mr. POAGE. They pay 2 percent in dollars?

Mr. TETRO. The other side of this coin, Mr. Congressman, is to develop cash markets. This effort is largely in hard currency countries. We really have to convert.

Mr. POAGE. I know. But we have to have convertibility to use most of this?

Mr. TETRO. Yes, sir.

Mr. POAGE. In other words, if you develop the German or French markets, you are not sending Public Law 480 goods over there, and

you have no development fund for those areas where you, probably, would have American money if you developed it. Consequently, if the development is to mean anything, you have to convert rupees and other currencies—you have got to convert some of it into Western European currencies to make sure that your development is effective.

The CHAIRMAN. Would it not be an advantage if you increased that 2 percent to, say, 10 percent convertibility?

Mr. TETRO. At present we do not have programs that would require that much. This is 10 percent of some pretty large numbers and involves underdeveloped countries with scarce foreign exchange. We will know soon what our trade promotion needs are.

I would suspect, Mr. Chairman, that currently the 5 percent is enough. We would like to talk with you about this as we develop our plans.

The CHAIRMAN. Not for promotional purposes. I am talking about convertibility.

Mr. TETRO. For other uses?

The CHAIRMAN. To provide for convertibility of that amount. Then you have flexibility.

Mr. JENNINGS. Would you not be creating this 5 percent in cash?

The CHAIRMAN. Not in dollars, but in some other foreign currency.

Mr. JENNINGS. The same thing.

Mr. HOEVEN. Mr. Duncan, what is the primary objective and purpose of Public Law 480?

Mr. DUNCAN. Well, I think it has several, Mr. Hoeven. For one thing, I think it is to develop our agricultural trade with foreign nations.

Mr. HOEVEN. Foreign nations; did you say?

Mr. DUNCAN. Yes; with foreign nations, our agricultural trade in foreign nations. Also, in a way to help our foreign policy.

Mr. HOEVEN. I think you will find that Public Law 480 was written in this committee. Its primary objective and purpose was to dispose of surplus agricultural commodities, because those surplus commodities were influencing the market. Is that not correct?

Mr. TETRO. That is correct

Mr. HOEVEN. The thing that concerns me is that Public Law 480 is very rapidly getting to be a welfare program. If it is to be converted into a welfare program, then the Committee on Agriculture will soon lose its jurisdiction. I can visualize the whole program becoming involved in foreign affairs and health, education, and welfare matters.

Your prepared statement is replete with suggestions that we should primarily be concerned with improving nutrition throughout the world on a continuing basis, and that the legislation affords an opportunity to attack hunger and malnutrition overseas This is all very well and appropriate, and I have no objection to such objectives. But the thing I fear is that this entire program is rapidly developing into a worldwide welfare program instead of the program for which the legislation was originally intended.

Do you have the same concern?

Mr. DUNCAN. No, sir; our primary concern here, Mr. Hoeven, is to move our agricultural commodities into foreign lands.

Mr. HOEVEN. Well, in the basic law there is no reference whatsoever to improving the economic situation of the countries in the world or to be concerned about their nutrition problems or anything else. The objective is to dispose of surplus agricultural commodities. I

think that should be a matter of concern for the Department and the administration. You are requesting a new authorization of $2 billion.

Evidence before the committee indicates that during the first 3 months of this year you have committed about $1.5 billion. At that rate, you will need about $6 billion, which is largely, as I see it now, in the welfare category. You will have to justify every dollar of that on the floor of the House of Representatives.

How are you going to do it?

Mr. DUNCAN. We believe we have sound programs for an additional $2 billion. Also there are provisions in the law for grants for economic development.

Mr. HOEVEN. In your prepared statement you say:

> We do not view it as a problem which forces us into a surplus disposal operation.

Does that mean that it is incumbent upon you to administer this as a welfare program?

Mr. DUNCAN. No, sir. I do not think so.

Mr. HOEVEN. Why then do you say?

> We do not view it as a problem which forces us into a surplus disposal operation.

That is on page 3, the last paragraph of your statement.

Mr. TETRO. Mr. Chairman, if I might comment on the Congressman's question, the name this committee gave to the law was, "The Agricultural Trade Development and Assistance Act." And while one sentence taken out of context here would indicate a view that it is only surplus disposal—there might have been that—I believe this committee and the farmers of this country have always looked on this as a program to promote the export of U.S. agricultural commodities.

The reference to the surplus disposal—by far most of the effort has been in the movement of commodities which have been under price support, but not all. We have had some difficulties in negotiating agreements with other countries because they did feel that we were trying to dump the surpluses, that these were goods which were unwanted.

The statement that Mr. Duncan has given here, sir, is aimed to try to indicate to other countries that we feel these commodities are worth something, that we are not doing ourselves a favor necessarily, we are trying to promote trade. We are trying to use the agricultural abundance of this country in a useful fashion.

But this committee has also recognized that if there were no such markets there would come a time when the U.S. agriculture within itself would say, "We won't produce these any more."

We are trying to change an attitude here so that other countries will understand that these are important sources of capital to them and they are not just surpluses that we are trying to get rid of.

Mr. HOEVEN. You told Mr. Poage that 42.5 percent of the money goes into direct grants—Mr. Duncan told him that. What is your justification for the $2 billion? Why not spell it out.

Mr. DUNCAN. We need it to meet requests from food deficit countries.

Mr. HOEVEN. For what?

Mr. DUNCAN. To carry out the requests that these foreign countries have made. Right now we are down to $150 million. We want to negotiate an agreement with Pakistan.

We have other requests that total hundreds of millions of dollars—well over a billion dollars right now that are ready to be started.

Mr. Hoeven. How much money will be going into direct grants?

Mr. Ioanes. Mr. Hoeven, we cannot give you precise figures on what will go into grants. I would guess offhand that about 25 to 30 percent of the foreign currencies generated under the $2 billion authorization would be for grants.

Mr. Hoeven. In my judgment you will have to make a complete justification for the added money not only before this committee, but before the Appropriations Committee. At the rate you are spending money so far this year, it will amount to about $6 billion a year.

Mr. Ioanes. Mr. Hoeven, basically what you are saying is there have been changes in this program since it started. That is correct. I recall in reading a conference report once issued by this committee, it said that the administrators of this program were not utilizing the authority in the law to make grants for economic development in countries. I do not recall the exact year that that was done, but in one of the reports in extending the law this committee took the position that greater use should be made of that particular grant authority.

It seems to me when we talk about surplus disposal as opposed to what you call a welfare program, we are trying to define an area here that is very difficult to nail down exactly.

Mr. Hoeven. Let me ask you this——

Mr. Ioanes. Yes.

Mr. Hoeven. Do you need the full $2 billion to dispose of surplus agricultural commodities?

Mr. Ioanes. Yes, sir.

Mr. Hoeven. One more question: I notice in the prepared statement reference is made to the food for peace program, wherein is stated:

> More and more foreign countries now understand that food for peace is not a slogan.

Do you infer from that that the food for peace program has only been a slogan in the past?

Mr. Duncan. I did not get the question.

Mr. Hoeven. On page 2 of Mr. Duncan's statement it says "that food for peace is not a slogan." Do you infer from that statement, that under the previous administration the food for peace program was only a slogan?

Mr. Duncan. No, sir; I do not.

Mr. Hoeven. What do you mean?

Mr. Tetro. Congressman Hoeven, the "food for peace" as a term or a slogan, if you wish, has been with us now about 2 years. And there has been considerable discussion as to its paternity. But I think it has been accepted by farmers in this country as an idea of trying to use the agricultural abundance of the United States to help maintain security in the world.

The term as used here—saying, "Food for peace"—is not a slogan. The development of these programs has extended over several years. Food for peace has only been with us about 2 years, and has developed into a more specific, different kind of program. Previously it did not have as much of a practical significance.

And we have tended, I think, more and more to discover that food for peace is what we are doing, it is what this committee asked us to do, not just 6 but several years ago. We had section 550 of the Mutual Security Act of 1953, which is the first time we officially tried to use surpluses in support of an international security program.

Mr. HOEVEN. I am glad you give recognition to the fact that the food-for-peace program is about 2 years old.

Mr. TETRO. We have heard that the food-for-peace program may be 40 years old—I do not know.

Mr. HOEVEN. I did want to remind you gentlemen that the first reference to a food-for-peace program in a Presidential message, was in a message sent to the Congress by President Eisenhower last year.

I think the record should, also, show that Mr. Don Paarlberg, an assistant to President Eisenhower, had his office in the White House and was in direct charge of the food-for-peace program. I did not want the country to get the impression the food-for-peace proposal was a creature of the New Frontier.

I want the food-for-peace program to succeed. I was one of those who recommended that the food-for-peace proposal be incorporated in President Eisenhower's farm message.

Mr. TEAGUE. Will you yield? It is 40 years old—it was mentioned in 1920—that was during a Republican administration.

The CHAIRMAN. It was an idea.

Mr. GATHINGS. This request for $2 billion, if it is approved by the Congress, would give you a rate of disposal under title I of $2,750 million for the fiscal year 1960 and 1961; would it not?

Mr. DUNCAN. That is true for calendar 1960 and 1961 programing.

Mr. GATHINGS. Is that greater in extent of the disposal programs than for 1959 calendar year?

Mr. TETRO. Fiscal 1959?

Mr. GATHINGS. Well, calendar year—this comes in on the calendar year basis—12-month period of time.

Mr. DUNCAN. About $1 billion, I believe it ran.

Mr. GATHINGS. It was what?

Mr. DUNCAN. $1 billion in 1959.

Mr. GATHINGS. The statement reflects that this request is in line with the requests under title I in previous years. And I was wondering, would it exceed the usual movement under title I; is it more or less?

Mr. TETRO. Congressman Gathings, I think we can give you a general answer now, but if you would permit, we would like to put it in the record year by year. However, part of the difficulty here is that the year-by-year use has been moving up.

In our statement we say that the fiscal year which we are now finishing, 1960–61, will be the largest movement of title I commodities on record.

(The information follows:)

In response to the request to indicate the CCC cost of title I programs by time periods, the following shows agreements signed during each fiscal year:

[In millions]

Fiscal year 1955	$466
Fiscal year 1956	958
Fiscal year 1957	1, 470
Fiscal year 1958	998
Fiscal year 1959	1, 138
Fiscal year 1960	1, 722
Fiscal year 1961 through Mar. 15, 1961	2, 348

Country detail is available in the following list giving the dates of signatures for each agreement signed since the beginning of the program through the present date.

U.S. DEPARTMENT OF AGRICULTURE—FOREIGN AGRICULTURAL SERVICE

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15, 1961

[Dollar amounts in thousands]

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
1. Turkey [1]	Nov. 15, 1954	$17, 330	$4, 759	$32, 205
2. Yugoslavia [1]	Jan. 5, 1955	38, 021	5, 297	64, 942
3. Pakistan [1]	Jan. 18, 1955	27, 545	1, 242	34, 248
4. Chile [1]	Jan. 27, 1955	4, 559	396	6, 906
5. Peru [1]	Feb. 7, 1955	2, 944	305	6, 016
6. Spain [1]	Apr. 20, 1955	19, 094	1, 103	20, 884
7. Argentina [1]	Apr. 25, 1955	5, 670	128	8, 211
8. Turkey (amendment) [1]	Apr. 28, 1955	4, 143	333	5, 687
9. Israel [1]	Apr. 29, 1955	7, 887	831	13, 682
10. Finland [1]	May 6, 1955	5, 088	84	5, 172
11. Yugoslavia (amendment) [1]	May 12, 1955	6, 522	1, 165	13, 051
12. Italy	May 23, 1955	49, 623	1, 650	67, 485
13. Japan [1]	May 31, 1955	77, 607	6, 842	105, 177
14. Korea [1]	do	13, 998	841	14, 839
15. United Kingdom [1]	June 7, 1955	15, 000	205	15, 205
16. Austria [2]	June 14, 1955	5, 487	572	7, 730
17. Israel (amendment) [1]	June 15, 1955	3, 573	687	7, 279
18. Thailand [1]	June 21, 1955	1, 900	100	2, 000
19. Colombia [1]	June 23, 1955	4, 166	300	5, 763
20. Greece [1]	June 24, 1955	5, 576	497	9, 785
21. Greece [1]	do	7, 261	924	13, 498
22. Peru (amendment) [1]	June 25, 1955	3, 080	322	6, 021
Subtotal, beginning of program through June 30, 1955		326, 081	28, 581	465, 817
23. France [1]	Aug. 11, 1955	650		650
24. Peru (amendment) [1]	Sept. 20, 1955	1, 044		1, 044
25. Yugoslavia (amendment) [1]	Oct. 1, 1955	17, 545	3, 813	39, 542
26. Ecuador [1]	Oct. 7, 1955	3, 135	278	4, 282
27. Spain (amendmeut) [1]	Oct. 20, 1955	9, 976	429	10, 607
28. Israel [1]	Nov. 10, 1955	15, 980	1, 942	27, 566
29. Brazil [1]	Nov. 16, 1955	35, 680	4, 979	73, 422
30. United Arab Republic (Egypt)	Dec. 14, 1955	4, 818	782	10, 225
31. Colombia [1]	Dec. 20, 1955	10, 756	662	15, 526
32. Argentina [1]	Dec. 21, 1955	23, 011	89	26, 195
33. Germany [1]	Dec. 23, 1955	1, 197		1, 197
34. Finland (amendment) [1]	Jan. 12, 1956	(2)	(2)	(2)
35. Yugoslavia (amendment) [1]	Jan. 19, 1956	42, 461	6, 340	70, 729
36. Spain (amendment) [1]	Jan. 21, 1956	14, 881	559	15, 440
37. Israel (amendment) [1]	Jan. 31, 1956	(3)	(3)	(3)
38. Austria [1]	Feb. 7, 1956	21, 115	1, 211	31, 508
39. Burma	Feb. 8, 1956	21, 081	797	31, 464
40. United Arab Republic (Egypt) (amendment) [1]	do	4, 899	674	10, 316
41. Israel (amendment) [1]	Feb. 10, 1956	9, 999		9, 999
42. United Arab Republic (Egypt) (amendment) [1]	Feb. 17, 1956	7, 344	1, 013	15, 546
43. Greece (amendment) [1]	do	5, 849	232	6, 081
44. Iran [1]	Feb. 20, 1956	9, 963	2, 612	20, 801
45. Pakistan [1]	Mar. 2, 1956	16, 850		28, 900
46. Indonesia	do	90, 951	7, 123	143, 959
47. Spain	Mar. 5, 1956	59, 929	4, 492	77, 233
48. Turkey [1]	Mar. 12, 1956	3, 825	193	4, 018
49. Korea [1]	Mar. 13, 1956	41, 892	4, 959	53, 659
50. Chile [1]	do	32, 164	2, 279	46, 768
51. Spanish-Swiss (amendment) [1]	Mar. 20, 1956	4, 444	270	9, 324
52. Finland (amendment) [1]	Mar. 26, 1956	14, 264	1, 061	22, 282
53. Finland (amendment) [1]	Apr. 26, 1956	(4)	(4)	(4)
54. Paraguay [1]	May 2, 1956	2, 598	328	4, 539
55. Peru [1]	May 7, 1956	2, 470	295	4, 370
56. Turkey (amendment) [1]	May 11, 1956	9, 807	1, 258	18, 703
57. Portugal	May 24, 1956	6, 282	862	13, 4
58. Japan (effective May 29, 1956) [1]	Feb. 10, 1956	57, 457	6, 664	96, 3
59. United Kingdom [1]	June 5, 1956	12, 000	186	12,
Subtotal, July 1, 1955, through June 30, 1956		616, 320	56, 977	957, 938
60. Italy (amendment) [1]	July 5, 1956	6, 596	144	6, 740
61. Netherlands [1]	Aug. 7, 1956	247	7	324
62. Pakistan [1]	do	41, 436	2, 196	70, 310
63. Greece [1]	Aug. 8, 1956	14, 867	1, 680	20, 665
64. China (Taiwan) [1]	Aug. 14, 1956	8, 851	468	12, 534
65. India	Aug. 29, 1956	302, 618	59, 645	546, 023
66. Pakistan (amendment) [1]	Sept. 7, 1956	2, 224	175	2, 399

See footnotes at end of table, p. 25.

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15, 1961—Continued

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
67. Israel [1]	Sept. 11, 1956	$9,299	$1,262	$15,104
68. Spain (amendment) [1]	Sept. 15, 1956	6,978	360	7,338
69. Spain (amendment) [1]	do	1,981	260	2,241
70. Spain	Oct. 23, 1956	45,366	2,925	50,159
71. Finland (amendment) [1]	Oct. 24, 1956	1,479	177	2,844
72. Italy	Oct. 30, 1956	64,262	2,464	83,437
73. Yugoslavia	Nov. 3, 1956	85,248	14,667	143,180
74. France [1]	Nov. 8, 1956	1,400	----------	1,400
75. Turkey [1]	Nov. 12, 1956	39,313	5,507	65,025
76. Pakistan (amendment) [1]	Dec. 3, 1956	24,642	3,267	42,439
77. Thailand (amendment)	Dec. 14, 1956	461	39	807
78. Brazil	Dec. 31, 1956	124,378	14,322	204,817
79. Korea (amends No. 49)	Jan. 7, 1957	----------	----------	----------
80. Italy (amendment) [1]	do	1,500	47	1,547
81. Greece (amendment) [1]	Jan. 21, 1957	3,700	575	7,093
82. Turkey (amendment) [1]	Jan. 25, 1957	20,727	3,280	34,993
83. Korea [1]	Jan. 30, 1957	16,724	2,091	21,680
84. Ecuador [1]	Feb. 15, 1957	3,102	230	3,936
85. Thailand [1]	Mar. 4, 1957	2,032	67	2,099
86. Greece (amendment) [1]	do	4,309	899	8,050
87. United Kingdom (amendment) [1]	Mar. 13, 1957	6,000	23	6,023
88. Spain (amendment) [1]	Mar. 26, 1957	7,189	336	7,525
89. Italy (amendment)	do	(5)	(5)	(5)
90. Iceland [1]	Apr. 11, 1957	2,586	76	3,350
91. Colombia [6]	Apr. 16, 1957	13,957	1,587	21,813
92. Turkey (supplement) [1]	Apr. 20, 1957	(7)	(7)	(7)
93. Peru [1]	May 2, 1957	3,536	270	5,878
94. Austria	May 10, 1957	13,501	1,499	21,809
95. Finland [1]	do	3,331	268	4,972
96. Poland [1]	June 7, 1957	17,635	712	24,260
97. Bolivia	do	(2)	(2)	(2)
98. Burma (amendment)	June 14, 1957	663	16	679
99. Philippines [1]	June 25, 1957	9,301	849	14,711
100. United Kingdom (supplement) [1]	June 27, 1957	2,180	----------	2,180
Subtotal, July 1, 1956, through June 30, 1957	----------	913,298	122,476	1,470,136
101. Poland (supplement)	Aug. 14, 1957	43,667	3,146	70,432
102. Mexico [1]	Oct. 23, 1957	24,644	984	41,170
103. Israel [1]	Nov. 7, 1957	31,765	2,925	54,213
104. Pakistan	Nov. 15, 1957	56,800	8,555	99,767
105. Greece	Dec. 18, 1957	17,702	2,085	28,690
106. Yugoslavia (amendment) [1]	Dec. 27, 1957	6,554	664	11,206
107. France [1]	do	2,498	49	2,547
108. Turkey	Jan. 20, 1958	43,405	3,395	60,918
109. Spain	Jan. 27, 1958	65,207	3,905	77,671
110. United Kingdom	Feb. 3, 1958	7,914	----------	7,914
111. Yugoslavia	do	57,666	4,990	89,214
112. Korea	Feb. 5, 1958	44,818	5,242	69,909
113. Poland	Feb. 15, 1958	67,305	5,558	100,315
114. United Kingdom (supplement) [1]	Feb. 17, 1958	5,000	32	5,032
115. Finland [1]	Feb. 21, 1958	7,470	328	10,363
116. France [1]	Feb. 28, 1958	23,010	----------	34,599
117. Italy	Mar. 7, 1958	19,072	636	26,438
118. Colombia	Mar. 14, 1958	5,967	409	7,970
119. Peru [1]	Apr. 9, 1958	7,207	424	11,076
120. Spain (supplement) [1]	Apr. 10, 1958	3,831	90	5,9
121. China (Taiwan) [1]	Apr. 18, 1958	10,826	962	14,675
122. Iceland	May 3, 1958	2,628	148	3,271
123. Burma	May 27, 1958	17,000	1,000	22,008
124. Philippines [1]	June 3, 1958	3,375	509	5,636
125. Vietnam	June 17, 1958	5,800	269	6,069
126. Ceylon [1]	June 18, 1958	3,604	263	5,879
127. India	June 23, 1958	46,000	9,341	73,922
128. Turkey (supplement) [1]	June 25, 1958	5,000	213	5,213
129. Yugoslavia (supplement)	June 26, 1958	2,653	292	4,149
130. Iceland (supplement) [1]	do	66	----------	96
131. Israel (supplement) [1]	June 30, 1958	5,442	874	7,762
132. Ceylon (supplement) [1]	do	1,315	253	2,221
133. Ecuador	do	1,602	200	2,377
134. France (supplement) [1]	do	2,000	----------	2,000
135. Spain (supplement) [1]	do	24,371	681	27,516
Subtotal, July 1, 1957, through June 30, 1958		672,927	58,316	997,889

See footnotes at end of table, p. 25.

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15, 1961—Continued

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
136. India	Sept. 26, 1958	$222,814	$38,780	$372,550
137. Spain (supplement)	Oct. 31, 1958	11,798	527	12,325
138. Israel	Nov. 6, 1958	33,663	4,086	49,672
139. Pakistan	Nov. 26, 1958	71,439	12,017	120,810
140. Yugoslavia	Dec. 22, 1958	85,996	10,201	134,992
141. United Arab Republic (Egypt)	Dec. 24, 1958	22,494	2,392	38,544
142. Finland	Dec. 30, 1958	3,960	104	4,200
143. Spain	Jan. 13, 1959	90,690	5,725	102,672
144. Turkey	Feb. 13, 1959	33,163	1,517	37,142
145. Uruguay	Feb. 20, 1959	9,600	310	10,528
146. Iceland	Mar. 3, 1959	2,100	276	2,889
147. Israel (supplement)	Mar. 10, 1959	500	67	912
148. Ceylon	Mar. 13, 1959	7,155	1,311	12,380
149. France	Mar. 21, 1959	3,500	55	3,555
150. United Arab Republic (Egypt) (supplement)	May 5, 1959	21,789	1,580	26,964
151. Uruguay (supplement)	May 21, 1959	2,200	314	2,874
152. Pakistan (supplement)	do	3,359	297	3,656
153. Ceylon (supplement)	May 28, 1959	5,300	800	9,000
154. Indonesia	May 29, 1959	38,350	2,871	62,405
155. China (Taiwan)	June 9, 1959	12,399	957	17,554
156. Poland	June 10, 1959	40,359	3,480	59,566
157. Argentina	June 12, 1959	1,227		1,480
158. Korea	June 30, 1959	29,711	3,289	51,077
Subtotal, July 1, 1958, through June 30, 1959		753,325	90,760	1,138,103
159. Yugoslavia (supplement)	July 9, 1959	440		440
160. United Arab Republic (Egypt)	July 29, 1959	52,735	5,740	86,473
161. Peru	Sept. 25, 1959	50	5	55
162. Indonesia (supplement)	Oct. 1, 1959	9,900	1,366	16,119
163. Colombia	Oct. 6, 1959	27,700	3,900	44,700
164. Vietnam	Oct. 16, 1959	4,700	194	4,894
165. Iceland (supplement)	Nov. 4, 1959	375		375
166. Poland (supplement)	Nov. 10, 1959	10,703	1,260	12,594
167. India	Nov. 13, 1959	203,913	35,424	365,840
168. United Arab Republic (Syria)	Nov. 14, 1959	8,500	1,386	13,076
169. Uruguay (supplement)	Nov. 16, 1959	3,800	136	6,216
170. India (supplement)	Nov. 23, 1959	15,983	1,687	33,657
171. Uruguay (supplement)	Dec. 1, 1959	18,500	2,507	34,834
172. Turkey	Dec. 22, 1959	31,382	3,697	52,057
173. Greece	Jan. 7, 1960	5,500	841	6,511
174. Israel	do	26,863	3,307	39,467
175. India (supplement)	Jan. 8, 1960	31,200	1,617	52,367
176. Uruguay (supplement)	Jan. 13, 1960	5,200	650	5,989
177. Pakistan (supplement)	Jan. 28, 1960	20,352	4,151	38,650
178. China (Taiwan) (supplement)	Feb. 11, 1960	5,327	687	9,697
179. Poland (supplement)	do	37,412	4,145	70,666
180. Peru	Feb. 12, 1960	11,000	1,000	17,543
181. Vietnam (supplement)	Feb. 13, 1960	1,200	59	2,059
182. India (supplement)	Mar. 21, 1960	6,944	1,103	12,593
183. Finland	Mar. 23, 1960	4,475	86	5,311
184. United Arab Republic (Egypt) (supplement)	Mar. 26, 1960	13,989	954	15,193
185. Iceland	Apr. 6, 1960	1,750	288	2,404
186. Pakistan (supplement)	Apr. 11, 1960	15,122	1,204	16,326
187. Pakistan	do	61,400	10,800	114,700
188. India	May 4, 1960	270,250	48,750	529,750
189. Finland (supplement)	May 6, 1960	100		100
190. Pakistan (supplement)	May 27, 1960	440	80	700
191. Chile	June 2, 1960	2,900	150	4,207
192. Yugoslavia	June 3, 1960	18,000	849	26,040
193. Spain	June 22, 1960	61,300	2,837	71,637
194. Israel (supplement)	June 30, 1960	6,689	869	7,558
195. Vietnam (supplement)	do	675	172	1,248
Subtotal, July 1, 1959, through June 30, 1960		997,235	142,515	1,722,223
196. Poland	July 21, 1960	119,500	10,528	181,037
197. Iran	July 26, 1960	4,315	1,145	8,267
198. India (supplement)	July 29, 1960	39,600	2,000	68,000
199. United Arab Republic (Egypt)	Aug. 1, 1960	51,800	6,730	87,963
200. United Arab Republic (Syria)	Aug. 9, 1960	14,900	2,573	26,377
201. Chile (amendment)	Aug. 12, 1960	300	50	350
202. China (Taiwan)	Aug. 30, 1960	12,780	1,420	20,585
203. Korea (supplement)	Sept. 16, 1960	750	60	810
204. United Arab Republic (Syria) (amendment)	Sept. 17, 1960	1,382	236	1,618
205. Pakistan (supplement)	Sept. 23, 1960	8,700	1,600	15,996
206. India (supplement)	do	14,100	3,051	17,151

See footnotes at end of table, p. 25.

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15 1961—Continued

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
207. Iran (supplement)	Sept. 26, 1960	$11,280	$2,078	$20,823
208. Ecuador	Sept. 27, 1960	925	75	1,000
209. Ceylon	Sept. 30, 1960	4,100	1,000	7,200
210. Uruguay (supplement)	Oct. 14, 1960	2,800	494	3,294
211. Iran (supplement)	Oct. 20, 1960	1,095	122	1,217
212. Vietnam	Oct. 28, 1960	6,545	955	11,223
213. France	Nov. 4, 1960	2,500	32	2,532
214. Indonesia	Nov. 5, 1960	14,600	1,549	22,655
215. Greece	Nov. 7, 1960	12,200	1,561	15,509
216. Chile	Nov. 8, 1960	25,900	3,000	41,100
217. Korea	Dec. 28, 1960	31,600	3,500	51,900
218. Brazil	Dec. 29, 1960	30,800	3,700	55,800
Subtotal, July 1, 1960, through Dec. 31, 1960		412,572	47,276	665,137
Total, all agreements signed through Dec. 31, 1960		4,691,758	546,901	7,417,243
India, balance, 4-year agreement		810,750	146,250	1,589,250
219. Turkey	Jan. 11, 1961	12,400	1,600	22,000
220. UAR (Egypt) (supplement)	Jan. 16, 1961	4,400	200	4,600
221. China (Taiwan) (supplement)	Feb. 9, 1961	3,000	600	5,648
222. Iceland (amendment)	Feb. 27, 1961	75		75
223. Indonesia (supplement)	Mar. 2, 1961	3,100	600	6,400
224. India	Mar. 9, 1961	33,600	1,500	43,500
225. Pakistan	Mar. 11, 1961	4,500	900	9,300
226. Pakistan	do	4,000	100	4,100
Subtotal, Jan. 1 through Mar. 15, 1961		875,825	151,750	1,684,873
Subtotal, July 1, 1960, through Mar. 15, 1961		1,288,397	199,026	2,350,010
Total, all agreements, through Mar. 15, 1961		5,567,583	698,651	9,102,116

[1] Shipments completed. Amounts shown are based on accounting records.
[2] Expired. No funds expended.
[3] Funds combined with No. 28.
[4] Funds combined with No. 52.
[5] Funds combined with No. 72.
[6] Agreement signed for $20,400,000 of which $15,940,000 is being financed by CCC under title 1, and the remainder has been financed by Colombia for dollars.
[7] Funds combined with No. 82.

Mr. GATHINGS. It has been moving up gradually in the last 3 years, has it not?

Mr. TETRO. Yes, sir. One difficulty is that we have, I think, is that we are talking here about obligations authority.

Mr. GATHINGS. Yes.

Mr. TETRO. And we are, also, talking about the movement of commodities under what has been done in the past.

Mr. GATHINGS. Yes, that is correct.

Mr. TETRO. For example, the statement that it would be $2,750 million this year, or a rate of $6 billion in the first quarter of this year will not be directly related to the amount of commodities that move in a particular 12 months' period. This is, however, moving up and we hope to keep it moving in that direction.

Mr. GATHINGS. If you expand your title IV shipments, that is, what is known as the Poage provision, and move commodities out under title IV, will you still need the $2 billion that you are asking for here for title I?

Mr. TETRO. Yes, sir. This is a different kind of market. I think Secretary Duncan would agree with me that we have now several different tools.

Title IV is certainly one.

Barter is another.

Title I, also, meets needs of underdeveloped countries.

And what we hope to do is to use each of these programs to the maximum extent to move as many agricultural commodities as we reasonably can.

We are looking forward to more activity in title IV. Title IV was not too well understood by us or by other countries at first.

Mr. GATHINGS. How has it been received?

Mr. TETRO. The one program which we hope to be able to announce rather soon will be extremely well received by that particular country.

Mr. Chairman, I would like to go back on the food for-peace-record for just a moment. I had not known Mr. McCabe had been the Director of Food for Peace. We had a coordinator of food for peace in the White House for some time who was, also, the economic adviser to the President, Mr. Don Paarlberg.

In, I believe, April of 1960 for the first time he was given a letter of authority to be a coordinator of food for peace.

The big difference, perhaps, in moving out of the slogan area is partly the practical fact that we now have a better concept of what food for peace is. But we also have had in the last 2 months the creation of a White House position the sole function of which is Director of Food for Peace. It is not now confused with other things.

The CHAIRMAN. Let him finish.

Mr. BREEDING. I want to interrupt.

The CHAIRMAN. Have you finished?

Mr. TETRO. Roughly, sir.

Mr. BREEDING. I want to get onto this food-for-peace subject because my good friend from Iowa, Mr. Hoeven, indicated that this program was first created under the Eisenhower administration in 1959. But I want also to remind him that in 1958 there were 30 House bills put into the Congress of the United States here to create a world food bank within the United Nations, which became known as the food-for-peace program.

Certainly, I am pleased that we have a new administrator for food for peace, Mr. George McGovern; and this office is created under the new Kennedy administration in 1961.

Mr. MATTHEWS. Mr. Chairman, this is a little extraneous to the specific subject matter, and I know that, perhaps, these gentlemen cannot give me the specific answer, but I am particularly interested in the disposal of more of our agricultural surplus. I believe it is under title III, that disposition for charitable institutions is authorized.

Am I correct in saying that is title III?

Mr. DUNCAN. That is correct.

Mr. MATTHEWS. I have in mind in particular two institutions in my district that are boys' ranches. They have been receiving some surplus, but as I understand now, they are going to be able to get more of a surplus.

My question is, Is that true? In other words, could you gentlemen tell me whether you have all of the tools you need, the legislation you need, to make more liberal distribution of these surplus foods to these institutions already receiving them?

These boys' ranches, for example—a little extra handful of this surplus food would take care of their needs. They have to go out and

beg for money and private contributions. It would mean so much, I know, to them and to thousands and thousands of people in America, if we make a more liberal distribution of the surpluses to those organizations and charitable institutions already authorized to receive them by law.

So, again, my inquiry is, Could you tell me whether we are to have a more liberal disposition of food under that title?

Mr. DUNCAN. We are. That happens to be in my department, too, under the direct food distribution program. And we have all of the necessary legislation. We have it right now to go forward.

Mr. MATTHEWS. You do not need any more legislative authority?

Mr. DUNCAN. No, sir. We do not.

Mr. MATTHEWS. I want to congratulate you particularly on that. I think the American people would heartily approve of the liberalization of that program.

Mr. DUNCAN. Thank you.

Mr. BELCHER. Mr. Secretary, I am a little concerned about the comments in your statement here. We have been discussing these huge surpluses in this committee for a long time and on the floor of the House and in the newspapers.

And yet your statement seems to sound like you are not concerned about them, that you view this as a great opportunity to feed the people of this country and the people of the world. That might be a fine welfare program, but every time, as I understand it, that we give away or make grants of any of these surpluses, either abroad or here at home, it is charged against agriculture.

Mr. DUNCAN. That is correct.

Mr. BELCHER. Then the newspapers can point to what it costs to subsidize the farmers.

Mr. DUNCAN. Yes.

Mr. BELCHER. It seems to me that you are welcoming these surpluses so that you will have an opportunity to use them in a welfare program because it states here, that this offers great opportunities to feed the needy people of this country, particularly of the world.

Is this a welfare or a surplus disposal program?

Mr. DUNCAN. I view this food, not as a surplus, but as an abundance. And we can use this food and make it a blessing rather than a burden on us.

I think that the greatest success story, as the Secretary stated, not only of this country, but, also, of the world, is American agriculture.

I, also, want to say that we have confidence in this country. The long fear that man has had is the fear of hunger and famine. And I think that we are blessed in this country in being able to take this food that we have on our hands and not leave it stored, not let it become a burden, but use it to feed the needy people here in this country, and also around the world.

Mr. BELCHER. All that starts with the American farmer and is charged to him. The newspaper editors, when they point to $6 billion, $7 billion appropriations for the Agriculture Department, in their minds, and in the minds of the public, is the thought that this money is used for the benefit of the American farmer; is it not?

Mr. DUNCAN. Yes, sir; it is charged up, of course, to Public Law 480 and is charged up to the agricultural budget.

Mr. BELCHER. Is there anything that is appropriated for the Department of Agriculture, technically, in the minds of the public, that is not charged up to the American farmer? And make people think that he is subsidized to that extent.

My understanding is that the Secretary complained the other day about things being charged to the Department of Agriculture.

Mr. DUNCAN. That is true, and he has tried to improve public relations.

Mr. BELCHER. In these grants, instead of the sale of these products for currencies, are we not increasing the loss to the Department of Agriculture and thereby causing more money to be appropriated and more money to be charged to the farmer? Are we not going in the wrong direction rather than in the right direction?

Mr. TETRO. Congressman Belcher, you have quite correctly stated the accounting for this now is a charge against the farm programs. And Secretary Freeman, as you said, has indicated that he would like to give a different look to this if he could.

Insofar as the domestic program is concerned, we believe there is a different attitude toward it, as Congressman Matthews has indicated. So far as the program in general is concerned, it is now we think being captured in the food for peace concept which has rather complicated and manifold farm-policies-general-taxpayer aspects in it and this is part of trying to make food for peace a living thing.

If the chairman will permit me to dream on it a little bit: The original purpose of this act, sir, was to use our surpluses in agricultural trade development and assistance, so that we could speed up the time when there would be no more grants and giveaways but instead the world would be in such a fine financial condition that we would be selling more and more U.S. agricultural products at good prices for cash.

I think this is still the longtime purpose of this particular effort. And we had hoped, sir, that food for peace would be recognized as a general taxpayer burden and not just one that is attributed to agriculture, because there are these other aspects.

The CHAIRMAN. As Mr. Belcher points out, the public, generally, charges up all of this to the farmer, to the farm program. And they believe that this is because of the greediness of the farmer. I think that all of you in the Department should do everything you possibly can to see to it that it is regarded as a general program rather than one for the farmer only.

Mr. TETRO. Well——

Mr. BELCHER. I would rather see the Department stick to the original concept; and that is, to dispose of our surplus products rather than do it according to this statement:

> In this capacity it offers us great opportunity to feed needy people in this country, particularly in depressed areas and the rest of the world.

Mr. DUNCAN. Mr. Chairman, may I ask the Congressman a question?

The CHAIRMAN. Yes.

Mr. BELCHER. Yes.

Mr. DUNCAN. With all of this surplus food that we have, Mr. Congressman, is it that you do not want us to feed them, do I get that correctly?

Mr. BELCHER. No; I want somebody to pay for it besides the farmer. I think the welfare department and the international policy of this country is the concern of every person in America, not just a few million farmers.

Under the theory that you are putting forward here, if the Department of Agriculture is going to be more concerned with foreign policy and welfare than disposing of surplus commodities, then I think you are getting out of your jurisdiction. I think you will take the jurisdiction of this program away from this committee.

Mr. HOEVEN. I would like to clarify one thing, Mr. Duncan. As to the administrator for the food-for-peace program—is he under the jurisdiction of the Department of State?

Mr. DUNCAN. Congressman, he is under the President.

Mr. HOEVEN. I believe he has an office in the State Department.

Mr. DUNCAN. Well, I think that is the executive offices. I would say he had offices in the White House. They don't have——

Mr. HOEVEN. I am sure all members of the committee want to get food to hungry mouths, but we do object to this vast program being charged solely to the Agriculture Department, and turning Public Law 480 into a welfare program.

Mr. DUNCAN. Mr. Congressman——

Mr. HOEVEN. Someone should do a bookkeeping job. Some phases of the program should be charged to the Department of Health, Education, and Welfare, and others to the State Department.

Mr. DUNCAN. I think that the Secretary has made it clear that he is concerned about this.

The CHAIRMAN. Mr. McIntire.

Mr. MCINTIRE. In Mr. Gathings' query, which was responded to by Mr. Tetro, I think there was a request made there be put into this record some tables showing some statistics in relation to these agreements or authorizations. I would be very much interested that this table would show—so that the record would have the definite information, in view of the comments that \$1.5 billion has been used—what has been committed since the 1st of January. It would be good if the record could show what has been used—whether your records on that are on a monthly or yearly basis or whatever—thereby giving a breakdown of the authorization and showing how it has been running over the past couple of years or so, and how it has been operating since the 1st of January. We could then get some insight as to the acceleration which is your only justification for this \$2 billion figure right now.

And, also, if I understand correctly, the \$1.5 billion is the amount which you have committed of your total authorization since the 1st of January. It would be well if you could break this down to show how many countries are involved, because you might have one commitment that runs into a very substantial figure, one that will not be repeated every 2 or 3 months. Could you give us some information as to the outstanding requirements, I mean, agreements under negotiation as of the 1st of January, so that we could get some idea of how much this buildup has been since the 1st of January?

Are you working out a backlog of agreements or are these new agreements which have come in since the 1st of January?

I think we need that, for this matter of justifying \$2 billion just right off the cuff is not easy. And I think we need just such a break-

down of the exact situation, far more so than just the request that you will anticipate this much business.

If you can give some information as to your justification at this moment in relation to the agreements now in some phases of negotiation, it would be helpful.

I do not think you would want to give a detailed program, for it would not be appropriate to ask for that, but we do need something of a record here that will give us some support for this total figure.

I presume it is appropriate for me to estimate that since this program has been underway there has been about $11.8 billion used, if my figures are correct.

Mr. O'LEARY. The title I authority is $9,250 million.

Mr. McINTIRE. You are including in that some of 1961?

Mr. O'LEARY. The total authorized, under title I, is $9,250 million.

Mr. McINTIRE. That is to date?

Mr. O'LEARY. Yes.

Mr. McINTIRE. What is it to date?

Mr. O'LEARY. Pardon?

Mr. McINTIRE. That is to date, as of today?

Mr. O'LEARY. Yes; the last authorization was 2 years ago. And that brought the total authorized title I programing to $9,250 million. Almost all of this has actually been programed.

Mr. McINTIRE. Can you give me some comment relative to the aspects of the program as of the moment that would justify the estimate that the authorizations should be substantially accelerated above the authorizations contained in the previous authorizing legislation?

In the Secretary's statement there was reference to the fact that in 1957 some of the increase in exports was, in some degree prompted by the Suez crisis. Mr. Secretary, you have, also, mentioned that some of the additional exports will arise out of certain crop shortages in various countries of the world.

What other aspects are there in the current situation which you feel will justify a sum greater than you have had in the past?

I realize currently you have the crop shortages. But are there other aspects in the current program which you feel will be the basis of this type of authorization? Yesterday I read in the paper that the food-for-peace program is to be based on about $2 billion a year. I do not know what it is.

I would, also, like the Secretary to advise the committee as to what is the framework of jurisdiction? I agree I am lost. I can read the papers but this is about all I get. What is the framework of the administrative jurisdiction of the food-for-peace program?

Certainly, that has not been information available to me as a member of the committee.

Mr. DUNCAN. This was given——

Mr. GRANT (presiding). Do you want the question repeated? [Laughter.]

Mr. DUNCAN. No. Let me say before Mr. Tetro starts, we will give you the information you want. We will break it down for you and furnish it to you.

(The information follows:)

The chronological listing and the information furnished on page 22 shows how title I programing has been accelerated during fiscal years 1960 and 1961. By far the biggest item is the 4-year Indian agreement signed on May 4, 1960. Item

188 on page 3 of the listing represents the first year's financing of the 4-year agreement, or the amount of about \$530 million at CCC cost. The balance of the 4-year agreement, or about \$1.6 billion, is shown as the first item in calendar year 1961. The grand total of the Indian agreement, \$2.1 billion, is the principal reason for the increased use of title I programing funds.

The total of agreements signed to date is about \$9.1 billion which leaves a balance of \$150 million from the total title I funds authority of \$9.25 billion.

We have requested an additional \$2 billion authorization for programing for the remainder of calendar year 1961. This amount represents our best estimate as to programs that can be concluded during this period within the safeguards of the act. It includes more than \$1 billion in firm requests for programs received from participating countries, including a very large 4-year agreement being discussed with the Government of Pakistan. It includes an additional several hundred millions of dollars in contemplated programs based on preliminary discussions with participating governments. The relatively small remainder of the \$2 billion is made up of our estimate of requests we anticipate receiving in the near future based on past programing experience, crop conditions abroad, and the supply position of potential title I countries.

Mr. McIntire. We want it for the record. Can you not outline for me, Mr. Secretary, just briefly what the administration jurisdiction is here now? We are acquainted with Mr. McGovern. Many of us are interested in the work that he is charged with doing. Can you not tell us something of what is going on in this?

Mr. Tetro. I think, Mr. Chairman, Congressman McIntire is asking three large questions.

The first is to provide some information in support of Mr. Gathings' question, which we will be very happy to do. We can do it by months. The second, what are some of the factors that have caused the sudden increase?

We mentioned the one large multiyear agreement with India and that we have had some difficulty in crops in certain parts of the world.

Mr. Johnson of Wisconsin. If you were on the old basis where you were committed to it for a year, you would only be asking for \$500 million right now?

Mr. Tetro. That is about right; yes, sir.

There is one other aspect of the programs in the underdeveloped countries. In India, for example, their own attempts to increase agricultural production have not kept pace with the new demands of their population, partly because of larger population and partly because of the very modest increase in income which has increased the demand for food and fiber products.

And, also, we had some agreements which previously were for 2 and 3 years which have now run out, so these countries are coming back in again.

On the last question regarding the arrangements with the director of food for peace, he is a Presidential assistant in the White House and he operates under an Executive order which says that he shall coordinate all programs affecting food for peace.

The concept of food for peace itself, I think, as you said before, is changing somewhat and we hope it is changing in a way which will show this is not just an agricultural burden, it is a countrywide burden.

As to the operating arrangements to date, these are being worked out. We have to do this through Mr. McGovern and other people in the White House and the Secretary of Agriculture.

At present the operating responsibility for this kind of program is clearly remaining with the Department of Agriculture. There is a problem in foreign policy, generally, where food and other programs

are a factor where the director of food for peace will be coordinating this effort.

I think you recognize, too, from some of the comments earlier today that as a program is developed, while we have the primary purpose of developing the commodity part of an agreement, there is not always complete harmony within government because other departments of government have different interests from ours. There is, therefore, a need on occasion to have a sort of referee or an umpire, which will be Mr. McGovern.

Mr. McIntire. That might be so. This has been an administrative vehicle in the past.

Have you not had coordination with the State Department and other departments and all agreeing to the agreements which were worked out?

Mr. Tetro. Yes, sir.

Mr. McIntire. What is the difference now?

Mr. Tetro. The difference now is that we have a director of food for peace who has no other function. As I said before, Mr. Paarlberg, when he was economic adviser, also, was coordinator of food for peace, but only beginning near the middle of last year.

This function of the last part of last year that Mr. Paarlberg had, you are quite right, that is the same function that I was describing that Mr. McGovern would now have, but he has added to these in the sense of program development which I suggest he has not yet fully explored or developed, in this arrangement within the Government. However, we still have the operating responsibility for developing title I programs, for getting agreement on the programs and for getting these out into a negotiating instrument to the State Department to negotiate.

Mr. McIntire. Then would it be fair to observe that Public Law 480 is one of the tools which Mr. McGovern has the responsibility to implement in the context of food for peace?

Mr. Tetro. Yes.

Mr. McIntire. To what extent, in the present concept administratively of the food for peace program, are commercial transactions, outside of the context of Public Law 480, considered to be within or without the framework of the food for peace programs? Are they considered to be within it?

Mr. Tetro. Insofar as the commercial sales operations, I would say the answer specifically would be "No". To the extent that an all-out effort of using agriculture to improve our public relations around the world would be concerned, there may be some peripheral advantage to this; in other words, Mr. McGovern has already, with the Secretary, given us considerable encouragement to do more work in the market development field, which is primarily aimed at commercial hard money sales.

He does not have, I would say, direct authority in coordinating that kind of program.

Mr. McIntire. Just one other question, Mr. Chairman. My understanding of the poultry export is that it is a rather outstanding example of what can be accomplished in market development; am I correct?

Mr. Tetro. Yes, sir.

Mr. McIntire. And then after it was developed it went into a strictly sale-for-cash transaction, strictly a commercial operation. Do I understand now correctly that this policy here is changing and that we are now to begin, if we have not already begun, to purchase poultry to be shipped abroad under title I; and that internally, it is a change of policy?

Mr. Tetro. Mr. Chairman, the assumption that Congressman McIntire has made is correct. To use Germany as a case in point, I think we salted that mine twice but now definitely it is on its own and has been a substantially increased commercial outlet.

Mr. McIntire. Through market development funds?

Mr. Tetro. We used a small title I program to move some poultry and then we used market development funds to further increase sales to the market. This, in essence, is the same kind of concept that we have in trying to move still more poultry in other areas.

As you know, poultry in this country is what is considered by the home economist a good buy, whereas in most other countries in the world it is almost a luxury item. We hope by combining a judicious use of poultry in, perhaps, title I, or under some of the other programs of Public Law 480, to increase the availability of this kind of food for other people—a cash market, eventually, which we hope to share rather immediately because the United States is the outstanding exporter of poultry products.

Mr. Hagen. The State Department would be, ultimately, the negotiator of these agreements, the final negotiator?

Mr. Tetro. Yes, sir.

Mr. Hagen. And on the question, we will say, whether 42 percent is granted or 5 percent, would be a State Department decision; would it not?

Mr. Ioanes. It is fair to say that the State Department negotiates these agreements as they negotiate all other agreements of any executive branch of the Government.

The decision as to the currency use, which is what you are talking about, we have a voice in making that decision.

Mr. Hagen. Who makes the ultimate decision?

You may give advice but the State Department does; does it not?

Mr. Ioanes. At the present time these programs are developed by the Department of Agriculture. The programs are presented to an interagency group, chaired by the Department of Agriculture, and it is in this group that the decisions are made.

Mr. Hagen. A majority vote decision in that group or what? Does one person have the final decision or what?

Mr. Ioanes. No; if there is no agreement, then the question would be referred to the White House. This would be Mr. McGovern in this case.

Mr. Hagen. Outside of the cost of these commodities themselves, the value of these commodities themselves, what additional costs accrue that would have to be picked up, we will say, by appropriations?

Referring to the $2 billion authorization, what additional amounts of money would be involved?

Mr. Ioanes. In addition to the cost of the farm commodity?

Mr. Hagen. Yes. We have that in storage.

Mr. Ioanes. Well, it would be the cost of processing commodities in certain instances—the cost of transportation.

Mr. HAGEN. Do you have any idea what the bill would be in terms of dollars in relation to the $2 billion?

Mr. O'LEARY. We computed this one time and the net new budget impact of a $1.5 billion authorization was about $300 million.

The complexion of the program—this was a couple of years ago—has changed a little, and I am not sure that the relationship would be the same, but the net new cost, if you take into account that many of the commodities are in current storage, or if they come out of the free market and would not otherwise move they would come in under the price-support program at the end of the loan year and begin to accrue storage charges, the percentage of net additional budget impact is small.

Mr. IOANES. It is about 20 percent, roughly 20 percent of the total. And I should have added to what I said before: that the biggest single item in this is the cost of ocean transportation, where the U.S. Government bears the entire dollar cost of transportation on American vessels.

Mr. HAGEN. You deduct the potential storage cost on the commodity?

Mr. O'LEARY. In the computation we made, we assumed that if the commodities did not move out of storage, they would stay 3 more years. Or if they moved out of the market, they would otherwise have come into the price-support program and stayed in storage 3 years.

We came up—I cannot remember the percentage, but my recollection is that it was about $300 million as the new cost of $1.5 billion.

Mr. HAGEN. So you are in effect asking for $2.3 billion?

Mr. O'LEARY. No; the $300 million would be within the $1.5 billion—and of $1.5 billion authorization, $1.2 billion of that is already spent. Roughly $300 million is still to be spent as net new costs under this program.

Mr. HAGEN. Thank you.

Mr. SHORT. I would like to pursue the point that Mr. Hagen started a little bit further. I believe, Mr. Duncan, you said these were Government contracts. Is that quite true? Do I not understand title I of Public Law 480 to be a vehicle whereby grain exports move through commercial channels?

Mr. TETRO. The negotiation to get an agreement with other governments is what the State Department does. Once an agreement is signed, then the handling of the purchase authorizations under that agreement gets the actual movements into commercial channels.

Mr. SHORT. Let me ask you this question then: Is it not possible for a commercial transaction to be shaped up, and if the recipient, the foreign country and those in this country come to some agreement, then is not about the only function of the Department under this law to make the determination of whether the export subsidy that will be necessary to pay is a proper one; in other words, that the grain companies are not offering for sale at a price below what it should be which would automatically raise the amount of the export subsidy?

Mr. O'LEARY. May I speak to that, sir. The government-to-government agreement is in the nature of an international treaty. It is not under Public Law 480, because there are certain provisions in the law which require the foreign government to agree, for example, that commodities purchased under Public Law 480 will not increase

the availability of commodities to countries unfriendly to the United States; that they will not reexport the commodities or products without permission of the United States: that they will assure that these imports under Public Law 480 will not displace commercial marketings that they would otherwise make.

You, therefore, must have a government-to-government agreement because private trade cannot agree to these. But all sales under such an agreement are made through private trade channels by the U.S. private trade. The function of the Government is twofold:

First, to provide that the financing is made available through banking channels, so that private trade can function; and, second, to assure that the Government funds are spent effectively and efficiently; in other words, that the commodities which are shipped do represent the contract prices set up in the negotiations between the seller and the buyer.

Mr. SHORT. The reason I asked that is I am told that the government-to-government transaction as a transaction is similar to the method used by Canada in their export program which does actually have the Government in the grain export business.

Mr. O'LEARY. Public Law 480 requires that private trade channels shall be used.

Mr. SHORT. There is a considerable difference in the concept of a government-to-government negotiation or government-to-government transaction, as Canada carries it out, as compared to the way we carry it out.

Just one more question—and I think this is important to get this picture properly into the record. It relates to the cost in dollars of this program. Perhaps we are asking an impossible question, asking you to make an impossible projection, because, as I see it, it will be impossible to make a determination as to whether or not all of these exports will be drawn out of Commodity Credit stocks or a large portion of them will just be picked up on the market as they move in normal channels of trade.

Mr. O'LEARY. Such a large percentage of the program consists of commodities which are in very abundant supply—such as wheat, feed grains, cotton, edible oils—that it is pretty safe to make the assumption that if a cargo of wheat were not exported under title I, it would come into the possession of CCC, at the end of the loan year.

This same thing is true of cotton, although the cotton surplus is not as large as it used to be. But, on the other hand, the programing of cotton is not as large as it used to be.

So the question is not as large a question as it sounds when you take into account that the bulk of the program does consist of these commodities. And since the beginning of the program non-price-supported commodities have amounted to less than one-half of 1 percent of the total program.

Mr. SHORT. The bulk of that is, to keep a proper picture of this request that you are making, as to the effect that will have on the actual drawing out of CCC stocks—it is conceivable to me that you might have a very extensive export program going on under the provisions of Public Law 480—and except for the amount of the payment-in-kind for the export subsidy, you would not draw out of CCC stocks 1 bushel.

Mr. O'Leary. The payment-in-kind comes out of CCC stocks.

Mr. Short. That is right. I said except for the payment-in-kind, you might not draw it out of CCC stocks.

Mr. O'Leary. That is true, sir, except if you did not move the 2 bushels that go out from private stocks together with the 1 bushel from CCC stocks for the payment-in-kind, if you did not move it this year it would come into CCC stocks at the end of the year.

Mr. Short. Not necessarily. It might be beyond the point where you could even put it into CCC stocks. A commercial grain concern might have a few million bushels of grain on hand. They cannot put grain into CCC stocks.

Mr. O'Leary. I was thinking in terms of wheat being produced, 1.3 billion bushels, and CCC is going to wind up with a certain proportion of that in spite of anything unless it is moved out of the country.

Mr. Short. Thank you.

The Chairman. Any further questions?

If not, at this time we thank you for coming here, and I hope that you will provide for the record the information which has been requested of you to provide.

We will adjourn until tomorrow morning at 10 o'clock, at which time we will be in executive session to take final action on this bill.

And immediately following that, Mr. Gathings' subcommittee will have some representatives in from the Immigration and Naturalization Service, and he wants to invite all of the members of the committee to attend his hearing in executive session.

(The following letter was submitted to the committee:)

National Milk Producers Federation,
Washington, D.C., March 28, 1961.

Hon. Harold D. Cooley,
Chairman, House Committee on Agriculture,
House Office Building, Washington, D.C.

Dear Mr. Cooley: We shall greatly appreciate it if you will put in the record of the hearings on the Public Law 480 program this letter supporting an authorization for additional funds under title I.

While we are not as directly concerned with title I as we are with other parts of Public Law 480, we do, nevertheless, have a substantial interest in its continued and expanded use. Approximately $47 million had been committed for exports of dairy products through December 31, 1960, and some 80 million pounds of nonfat dry milk are expected to be programed from the additional $2 billion now under consideration.

Public Law 480 has proven its value as an instrument for moving agricultural products out of CCC warehouses into useful consumption throughout the world. The need for it still continues, and we support its expansion.

Sincerely,

E. M. Norton, *Secretary.*

The Chairman. We stand adjourned at this time until tomorrow morning.

(Whereupon, at 12 noon, the committee recessed, to reconvene in executive session at 10 a.m., Thursday, March 16, 1961.)

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LEGISLATIVE HISTORY

Public Law 87-28
S. 1027

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INDEX AND SUMMARY OF S. 1027

Feb. 22, 1961	Sen. Ellender introduced S. 1027 which was referred to the S. Agriculture and Forestry Committee. Print of bill as introduced.
	Rep. Cooley introduced H. R. 4728 which was referred to the House Agriculture Committee. Print of bill as introduced.
Mar. 20, 1961	House committee voted to report (but did not actually report H. R. 4728.
Mar. 23, 1961	House committee reported H.R. 4728 without amendment. H. Report No. 196. Print of bill and report.
Apr. 19, 1961	Senate committee voted to report (but did not actually report) S. 1027.
Apr. 20, 1961	Senate committee reported S. 1027 without amendment. S. Report No. 175. Print of bill and report.
	Rules Committee reported resolution for consideration of H. R. 4728. H. Res. 262. H. Rept. 255. Print of resolution and report.
Apr. 24, 1961	Senate passed S. 1027 without amendment.
Apr. 26, 1961	House passed S. 1027 without amendment in lieu of H. R. 4728.
	(H. R. 4728 had previously been passed, but action was vacated and H. R. 4728 was laid on table due to passage of S. 1027).
May 4, 1961	Approved: Public Law 87-28.

DIGEST OF PUBLIC LAW 87-28

AMENDMENT TO AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954. Amends title I of Public Law 480, 83d Congress, by increasing the authorization for the calendar year 1961 by $2 billion to a total of $3.5 billion, plus any unused authority carried over from 1960. Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies, which are then used for a number of purposes enumerated in title I for the benefit of the United States and the purchasing country.

87TH CONGRESS
1ST SESSION

S. 1027

IN THE SENATE OF THE UNITED STATES

FEBRUARY 22, 1961

Mr. ELLENDER (by request) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in

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amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years."

87TH CONGRESS
1ST SESSION

S. 1027

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

By Mr. ELLENDER

FEBRUARY 22, 1961

Read twice and referred to the Committee on Agriculture and Forestry

87TH CONGRESS
1ST SESSION

H. R. 4728

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 22, 1961

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this sec-

tion, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

87TH CONGRESS
1ST SESSION

H. R. 4728

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

By Mr. COOLEY

FEBRUARY 22, 1961

Referred to the Committee on Agriculture

 March 20, 1961

contrary to the best interests of the program, to permit an undue quantity of grain to be put on the market. If a certificate is not presented for redemption within 30 days of its issuance reasonable storage and other charges as determined by the Secretary, beginning 30 days after issuance of the certificate and ending with its presentation for redemption, would be deducted from the value of the certificate. However, if the Department elected to hold producers' certificates off the market longer than 30 days after their issuance, producers would not have to bear storage and other charges, since the time of the marketing of the certificates would not be within their control, but would be wholly within the control of the Department. Under the language of section 3 the Secretary is required to deduct only such storage and other charges as he determines to be reasonable and this would give him ample authority to relieve the producer of storage and other charges under these circumstances.

"Section 4 of the conference substitute *** provides that the Secretary shall submit to Congress, within 90 days after the effective date of this act, a detailed report on the progress, cost, and reduction of surpluses under the program, and other relevant information."

?. SURPLUS COMMODITIES; FOREIGN TRADE. The Agriculture Committee voted to report (but did not actually report) H. R. 4728, to amend Public Law 480 so as to authorize $2 billion additional under title I for sales of surplus commodities for foreign currencies in 1961. ~~p. D1777~~

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3. SUGAR. As reported by the Agriculture Committee, H. R. 5463 extends the Sugar Act from March 31, 1961, to December 31, 1962, relieves the President of the obligation to purchase any part of the sugar formerly supplied by Cuba from any country with which the United States does not maintain diplomatic relations, and requires that in authorizing the purchase of quantities of sugar which cannot be supplied by countries which have quotas under the Act consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U. S. agricultural commodities.

The committee report includes the following statement regarding the effect of the bill on foreign purchases:

"H. R. 5463 will amend those provisions of the Sugar Act respecting foreign purchases which were established by Public Law 86-592, as follows:

"Presidential authority to establish the sugar quota for Cuba through December 31, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

"(1) An amount equivalent to Cuba's share in any domestic area production deficit may be assigned exclusively to other domestic areas; and then

"(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, The Netherlands, and Nationalist China; and then

"(3) To the Republic of the Philippines 15 percent of the remainder; and then

"(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, 'except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased'; and then

"(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U. S. agricultural commodities.

"The bill continues the President's present authority to obtain refined sugar if raw sugar is not reasonably available."

The committee report includes the following statement regarding later enactment of more permenent sugar legislation:

"Amendments to the basic Sugar Act will be thoroughly considered in open hearings on the enactment of more permanent sugar legislation, which the chairman has stated will be scheduled as early as possible in May. At these hearings those interested in the various aspects of the Sugar Act will be given an opportunity to appear before the committee and express their points of view and the committee itself will have full opportunity to integrate the various proposals into the act as a whole and reach a mature and informed decision on an amendment and extension of the act which will best serve the national interest."

4. FOREIGN CURRENCIES. Received from the Merchant Marine and Fisheries and Education and Labor Committees reports on the expenditures of foreign currencies in connection with foreign travel by Members and employees of the committees. pp. 4051-2

5. LEGISLATIVE PROGRAM. Rep. McCormack announced that the following items are scheduled for today, Mar. 21: Conference report on the feed grains bill, consideration of the sugar bill under motion to suspend the rules, and the call of the Consent and Private Calendars. p. 4041

SENATE

6. FARM LOANS. Passed without amendment H. R. 1822, to increase from 10 to 25 percent the portion of the annual appropriation for Farmers Home Administration operating loans that may be used for loans to borrowers whose operating loan indebtedness would exceed $10,000. This bill will now be sent to the President. p. 4031

7. RESEARCH; FOOD INSPECTION. Passed as reported S. 1028, to amend the Nematocide, Plant Regulator, Defoliant, and Desiccant Amdnement of 1959 so as to authorize the Secretary of Agriculture to extend beyond March 5, 1961, the effective date of the registration and enforcement provisions of the Federal Insecticide, Fungicide, and Rodenticide Act with respect to nematocides, plant regulators, defoliants, and desiccants. pp. 4031-2

8. NOMINATIONS. Received the nominations of Charles S. Murphy, John P. Duncan, Frank J. Welch, James T. Ralph, Horace Godfrey, and Willard Cochrane to be members of the CCC Board of Directors. p. 4040

9. PEACE CORPS. Sen. Young, O., commended the President's action establishing a Peace Corps, stating that it "embodies the spirit that moved this country to greatness." p. 4034

10. RECLAMATION. The Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee with amendments, S. 107, to authorize construction of the Navajo Indian irrigation project and

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued March 24, 1961
For actions of March 23, 1961
87th-1st, No. 51

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HOUSE

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87TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT No. 196

ADDITIONAL AUTHORIZATION FOR SALE OF AGRICULTURAL COMMODITIES UNDER TITLE I OF PUBLIC LAW 480

MARCH 23, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H.R. 4728]

The Committee on Agriculture, to whom was referred the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of this bill is to authorize the President to enter into agreements during the 1961 calendar year calling for the sale of an additional $2 billion of agricultural commodities under the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480.

The most recent extension of Public Law 480 was Public Law 86–341, enacted September 21, 1959, which extended the act from December 31, 1959, to December 31, 1961, and authorized the President to enter into agreements during each of the calendar years 1960 and 1961 at the rate of $1.5 billion per year, plus any unused authorization from the previous year.

In May 1960, however, President Eisenhower entered into an agreement with India which committed to this one country $2.2 billion—more than two-thirds—of the total authorization for title I for the calendar years 1960 and 1961. This is the basic reason why this bill is necessary—to restore the authorization for these 2 calendar years back to the point where it would be except for the Indian agreement.

Because the total amount of the Indian agreement exceeded the available authorization for the calendar year 1960, only the first-year portion of the agreement, amounting to about $530 million, was im-

plemented at that time. The other 3-year portion of the agreement was formalized in January 1961, using up almost $1.6 billion of the President's authority to enter into such agreements in this current calendar year, and leaving a balance (due to carryover from 1960) of about $250 million.

Other agreements signed this calendar year have now taken up virtually all of the 1961 authorization, so that operations under title I will be brought to a halt unless this additional authorization is provided. The Department of Agriculture reports that proposals to use approximately $1.3 billion of the requested additional authorization are now in some stage of negotiation. Further details of the use to be made of this new authorization are included in the executive communication requesting the legislation and the justification statement of the Department of Agriculture, which are set out below.

PUBLIC LAW 480 OPERATIONS

The committee believes that the programs carried out under the authority of Public Law 480 are too well known to the House to require a detailed description in this report. Such a detailed description is to be found in the most recent semiannual report of the President which was published as House Document 449, 86th Congress.

Briefly, title I of the law (the only part of the act which is affected by the bill herewith reported) authorizes the President to enter into agreements with foreign countries under which agricultural commodities are sold to those countries for their local currency. Both the commodities to be sold under the agreement and the uses to which the foreign currency is to be put are stipulated in such agreements.

Operations under the program from its beginning in 1954 through the latest date for which data are available are shown in the following three tables:

Table I shows the composite value, by commodities, of all the agreements entered into from the start of the program through December 31, 1960.

Table II shows the uses to which the foreign currency is to be put, as stipulated in agreements entered into up to December 31, 1960.

Table III shows a further breakdown of the use of this foreign currency abroad by the United States.

TABLE I.—*Commodity composition of programs under title I, Public Law 480 agreements, signed July 1, 1954, through Dec. 31, 1960*

[In millions of dollars]

Country [1]	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total: Market value	Total: Ocean transportation [2]	Total: Market value, including oversea transportation	Total: Estimated CCC cost, including oversea transportation
Argentina			0.3				29.6		29.9	0.8	30.7	35.9
Austria	6.9	15.7		10.1	4.8		2.4	0.2	40.1	3.3	43.4	61.0
Brazil	183.3	.6			.7	2.2	4.1		190.9	23.0	213.9	334.0
Burma				32.0	2.8	2.1	1.8	.1	38.8	1.8	40.6	54.2
Ceylon	9.6		11.9						21.5	3.6	25.1	36.7
Chile	29.5	1.4		14.1	1.9		18.5	.4	65.8	5.9	71.7	99.3
China (Taiwan)	30.5			7.1	7.7	1.5	3.4		50.2	4.5	54.7	75.1
Colombia	39.3			11.9	1.6	.3	9.5		62.6	6.9	69.5	95.8
Ecuador	2.9			.4	.3		5.1		8.7	.8	9.5	11.6
Finland	10.5	2.3		10.5	14.2			2.7	40.2	2.1	42.3	55.2
France				23.0	12.6				35.6	.1	35.7	47.2
Germany								1.2	1.2		1.2	1.2
Greece	29.2	25.3				4.4	18.1		77.0	9.3	86.3	115.9
Iceland	2.5	2.5	.2	.9	1.7		.4	1.3	9.5	.8	10.3	12.4
India [3]	906.8	28.7	78.3	126.6	8.5	3.5	1.0		1,153.4	201.4	1,354.8	2,071.9
Indonesia	10.7		67.5	58.1	17.5				153.8	12.9	166.7	245.1
Iran	24.8					.8	1.1		26.7	5.9	32.6	51.1
Israel	50.4	54.7	1.3	5.6	1.0	16.2	11.7	10.7	151.6	16.9	168.5	233.3
Italy	1.5	4.8		77.0	20.4		36.4	1.0	141.1	4.9	146.0	185.6
Japan	47.9	13.3	13.7	52.5	7.6				135.0	13.5	148.5	201.6
Korea	73.5	33.7	24.2	31.9	6.6	.3	1.2	8.0	179.4	20.0	199.4	263.9
Mexico		24.6							24.6	1.0	25.6	41.2
Netherlands				.2					.2	(4)	.2	.3
Pakistan	207.7		74.0	[5] 32.1	5.8	5.4	25.3		350.3	45.5	395.8	588.9
Paraguay	1.7					.4	.5		2.6	.3	2.9	4.5
Peru	22.6		6.6			.2	1.9	(4)	31.3	2.6	33.9	52.0
Philippines			5.8	4.8		1.7	.4	(4)	12.7	1.3	14.0	20.3
Poland	155.4	59.8		92.0	1.5	3.3	24.5		336.5	28.8	365.3	518.8
Portugal	6.3								6.3	.9	7.2	13.5
Spain	[6] 4.4	32.4		[7] 97.5	24.9	1.5	247.2	19.1	427.0	24.5	451.5	498.4
Thailand					3.9	.5			4.4	.2	4.6	4.9
Turkey	99.5	19.1	2.1			2.2	78.6	6.6	208.1	24.2	232.3	315.9
United Arab Republic:												
Egypt	144.0	6.9	5.3		15.4		7.7	.5	179.8	19.9	199.7	291.2
Syria	19.9	4.9							24.8	4.2	29.0	41.1

See footnotes at end of table, p. 4.

TABLE I.—*Commodity composition of programs under title I, Public Law 480 agreements, signed July 1, 1954, through Dec. 31, 1960*—Con.

[In millions of dollars]

Country [1]	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total: Market value	Total: Ocean transportation [2]	Total: Market value, including oversea transportation	Total: Estimated CCC cost, including oversea transportation
United Kingdom					38.0			10.1	48.1	.4	48.5	48.5
Uruguay	18.5	10.2		7.3	6.1				42.1	4.4	46.5	63.7
Vietnam	3.7			4.7	10.5				18.9	1.7	20.6	25.5
Yugoslavia	228.0			75.7		.5	53.8	3.1	361.1	48.2	409.3	597.6
Total	2,371.5	[8] 340.9	291.2	776.0	216.0	[9] 47.0	[10] 584.2	[11] 65.0	4,691.8	546.5	5,238.3	7,414.3

[1] Agreement with Bolivia expired. No funds expended.

[2] Includes only ocean transportation to be financed by CCC.

[3] Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960: $241.25 million wheat, $29 million rice, and $48.75 million ocean transportation. Additional amounts of $723.75 million wheat, $87 million rice, and $146.25 million ocean transportation to be financed after Jan. 1, 1961.

[4] $50,000 or less.

[5] Includes $1.7 million extra-long staple.

[6] Wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

[7] Includes $0.3 million, cotton linters; $6.8 million, extra-long staple.

[8] Broken down as follows:

	Millions of dollars
Corn	152.9
Oats	5.3
Barley	126.6
Grain sorghums	50.2
Rye	5.9
Total	340.9

[9] Broken down as follows:

	Millions of dollars
Condensed milk	1.8
Dry whole milk	1.7
Nonfat dry milk	16.0
Evaporated milk	3.7
Butter, butter oil, and/or ghee	19.1
Cheese	4.6
Whey	.1
Total	47.0

[10] Broken down as follows:

	Millions of dollars
Cottonseed oil and/or soybean oil	540.6
Linseed oil	1.1
Lard	25.6
Tallow and/or grease	16.9
Total	584.2

[11] Broken down as follows:

	Millions of dollars
Fruit: Austria, Burma, Finland, Iceland, Israel, United Kingdom, Yugoslavia	15.8
Seeds: Chile	.4
Potatoes: Spain	1.4
Poultry: Germany, Italy, Turkey, Spain, United Arab Republic	5.4
Beef: Spain, Israel	28.1
Pork: Korea, Spain	10.0
Beans: Israel, Spain, Yugoslavia	3.9
Total	65.0

TABLE II.—*Uses of foreign currency as provided in title I, Public Law 480 agreements, signed July 1, 1954, through Dec. 31, 1960* [1]

[Amounts are in thousand dollar equivalents at the deposit rate of exchange]

Country	Total amount in agreements (market value, including oversea transportation)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	For U.S. uses [2]
Argentina	64,100			8,250	36,500	19,350
Austria	42,940				26,328	16,612
Brazil	214,420	2,000			178,547	33,873
Burma	40,700		6,000		26,550	8,150
Ceylon	26,100		4,340	6,540	9,580	5,640
Chile	71,900	100		850	56,330	14,620
China (Taiwan)	55,500	30,550		8,600	2,300	14,050
Colombia	70,890	80		11,270	41,180	18,360
Ecuador	10,940			710	7,660	2,570
Finland	44,735			3,165	25,454	16,116
France	60,440			13,989		46,451
Germany	1,200					1,200
Greece	86,000		7,470	5,945	47,350	25,235
Iceland	10,270			765	7,374	2,131
India [3]	1,345,203		369,875	112,634	667,708	194,986
Indonesia	164,300		21,900	13,600	91,895	36,905
Iran	32,446	5,763		1,557	15,605	9,521
Israel	168,554		4,200	25,827	111,537	26,990
Italy	152,900			6,250	100,500	46,150
Japan	150,800	700			108,850	41,250
Korea	201,000	162,910		3,500		34,590
Mexico	28,200			7,100	13,600	7,500
Netherlands	275					275
Pakistan	396,870	79,366	57,592	41,712	135,392	82,808
Paraguay	3,000				2,250	750
Peru	37,280	100		4,962	21,523	10,695
Philippines	14,400	3,100		1,000	5,200	5,100
Poland	365,300					365,300
Portugal	7,100				3,400	3,700
Spain	456,130	9,910			228,730	217,490
Thailand	4,600				2,050	2,550
Turkey	232,265	67,739		18,230	48,092	98,204
United Arab Republic:						
Egypt	198,800			37,450	113,400	47,950
Syria	28,200			5,200	16,900	6,100
United Kingdom	48,150					48,150
Uruguay	46,400			11,550	23,300	11,550
Vietnam	20,500	10,228		5,100		5,172
Yugoslavia	408,530		114,290		213,091	81,149
Total	[4] 5,311,338	372,546	585,667	355,756	2,388,176	1,609,193
Uses as percent of total	100	7	11	6.7	45	30.3

[1] Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

[2] Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsecs. 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), and seometimes (d) insofar as specified in agreements.

[3] Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960.

[4] Amounts shown in this column may differ from amounts on table I, which reflects purchase authorization transactions.

TABLE III.—*Status of foreign currencies under Public Law 480 as of Sept. 30, 1960*

[In million dollar equivalents]

Uses as specified in sec. 104, Public Law 480	Allocation by Bureau of Budget	Transfers to agency accounts	Disbursements by agency
104(c) common defense	317.8	299.0	268.2
104(e) grants for economic development	349.6	219.3	79.0
104(e) loans to private enterprise	255.0	206.9	35.4
104(g) loans to foreign governments	1,739.7	1,566.7	885.1
U.S. uses			
Treasury: 104(f) payment of U.S. obligations	584.2	550.5	313.7
Agriculture: 104(a) agricultural market development, 104(k) scientific activities, 104(m) agricultural fairs	105.7	67.8	20.5
International Cooperation Administration: 104(d) purchase of goods for other countries	63.9	51.3	30.8
Defense: Military family housing [1]	101.5	105.6	65.0
State:			
104(h) and (j) international educational exchange and American-sponsored schools and centers	63.8	53.3	14.5
104(l) buildings for U.S. Government use	5.2	.5	
U.S. Information Agency: 104(i) and (j) translation of books and periodicals and American-sponsored centers	15.1	12.1	3.1
Health, Education, and Welfare: 104(k) scientific activities	5.2	.3	
National Science Foundation: 104(k) scientific activities	1.6	1.1	.6
Total	3,608.3	3,134.4	[2] 1,715.9

[1] Includes small amount for other 104(f) uses. Defense also uses currencies for 104(k) scientific activities, totaling less than $50,000 through Sept. 30, 1960.
[2] Includes $720,000 disbursed in non-title I countries.

ESSENTIALITY OF THE TITLE I PROGRAM

As long as American farms are producing more agricultural commodities than can be sold through the normal channels of trade for consumption at home and abroad, title I of Public Law 480 is the major instrument available to the United States in making use of this abundance throughout the world. It is the keystone of our use of agricultural surpluses to help friendly nations in need of assistance and it has been a major factor in moving these surpluses from CCC storage bins into useful consumption throughout the world.

From the start of the program through December 31, 1960, the following quantities of agricultural commodities have been programed under title I: 1,437 million bushels of wheat, 288 million bushels of feed grains, 49 million hundredweight of rice, 5,283,000 bales of cotton, 298 million pounds of tobacco, 278 million pounds of dairy products, more than 4 billion pounds of fats and oils, 17 million pounds of poultry, 482,000 hundredweight of dry edible beans, 184 million pounds of fruits and vegetables, and 113 million pounds of meat.

The foreign currencies which have been received for these commodities have not only been an important source of aid to underdeveloped countries in the form of loans and grants for economic development and similar purposes, but have been used in place of American dollars for many purposes abroad. To the extent that foreign currencies have taken the place of dollars, the outflow of gold from the United States has been stopped and dollar appropriations for expenditure abroad have been unnecessary. Through December 31, 1960, foreign currencies accruing from the sale of commodities under title I have been used for the following major purposes: 7 percent for defense activities overseas, 11 percent in the form of grants for economic development in the country of origin, 6.7 percent for loans to U.S. business firms and affiliates for oversea development or for business

loans for the increased use of American agricultural commodities in the country of origin, 45 percent for loans to foreign governments, and 30.3 percent for uses of the U.S. Government in foreign countries. It is clear that had not foreign currencies been available for many of these purposes. U.S. dollars would have had to be used. For governmental obligations abroad, for example, more than $1.6 billion in local currencies have been made available under title I, largely in replacement of appropriated American dollars.

It is essential, not only to agriculture but to the general welfare of the country, that this program be continued and that the authorization requested for the President for this calendar year be approved. Congress has encouraged the making of agreements for the sale of our surplus commodities over longer periods of time than the 1-year agreements which were customarily made up until last year. It is in response to the stated congressional attitude that an agreement for 4 years has been entered into with India and that a 4-year agreement is now in negotiation with Pakistan. In this connection, it should be clearly understood that although the authority of the President to enter into the agreement is charged against this year's authorization, the actual export of the commodities and the commitment of the CCC thereunder will take place over a future period of years.

The future commitment under the India agreement alone is more than the total presently authorized in the act for the whole of this calendar year although the commodities will not be shipped nor any CCC obligation incurred until future years. That is the reason why, in the absence of the additional authority conferred by this bill on the President, no further title I transactions could be agreed to by the United States for the balance of this calendar year.

USE OF OTHER PROGRAMS

The committee takes this occasion to reiterate the position it has expressed in virtually every legislative report on Public Law 480 or an amendment thereto, that while title I must remain the major vehicle for moving our agricultural surpluses into useful consumption through the world, no opportunity should be lost to take full advantage of every possibility of exporting these agricultural commodities in exchange for strategic and other materials of value to the United States or for long-term dollar credit as provided by title IV of Public Law 480. The committee was gratified to learn from spokesmen for the Department of Agriculture that increasing emphasis is to be placed on these two methods of exporting agricultural commodities.

The title I agreement with India which obligated $2.2 billion of the $3 billion authorization available to the President for the years 1960 and 1961 is a case in point where the committee believes other programs might have been used to the advantage of this country to cover at least part of India's needs. Prior to the negotiation of the Indian agreement there had been efforts extending over a period of approximately 2 years on the part of the Indian Government to arrange a barter of a very substantial quantity of strategic materials for U.S. agricultural surpluses. After long negotiations the Indian offer was cut down to two-thirds of the original quantity and finally approved on terms so difficult that only a portion of it has ever moved. Also prior to the signing of the title I agreement there were indications to

members of this committee that the Government of India was interested in the purchase of a substantial quantity of wheat to be paid for in dollars under the credit provisions of title IV of the act. No wheat was sold under title IV, however, and the quantity which moved under the barter transaction finally approved by the Department of Agriculture was very much smaller than had been proposed. Instead, the Department negotiated the title I agreement under which all of the surplus commodities shipped to India are to be paid for in Indian currency with the agreement that 42½ percent of this currency is to be given back to India in the form of a grant for economic development and another 42½ percent is to be returned in the form of a 40-year loan. Only 15 percent of the rupees to be paid under this agreement will be available for the use of the United States. While not condemning the Department for entering into this title I agreement, it appears to the committee that the willingness and ability of India to pay for these commodities either in dollars or in valuable ores and other materials should have been utilized to the fullest before entering into the sale under the provisions of title I.

EXECUTIVE COMMUNICATION AND STATEMENT

The bill reported herewith was transmitted to the Congress by Executive Communication 592 of February 16, 1961, with the recommendation that it be enacted. Following is the text of the executive communication and also of a summary statement by the Department of Agriculture of the urgent need for this legislation.

Department of Agriculture,
Washington, D.C., February 16, 1961.

Speaker of the House,
House of Representatives.

Dear Mr. Speaker: Enclosed is a draft of a proposed bill to provide an increase of $2 billion in the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.), for calendar year 1961.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. The title I authorization currently provides for sales of $1.5 billion at cost to the Commodity Credit Corporation for each of calendar years 1960 and 1961 plus any unused amounts from previous authorizations.

The past administration, in a letter dated January 9, 1961, addressed to you from Clarence L. Miller, then Assistant Secretary of Agriculture, submitted a request for an increase of $1.1 billion to the current title I authority for calendar year 1961.

As you know, President Kennedy appointed a Food for Peace Committee to make an analysis of current legislative programs and report its findings and recommendations on how to shift from the concept of surplus disposal to utilization of our abundant food supply to help raise the living and nutritional standards of peoples here at home and abroad.

The Committee has submitted the recommendations and they are now under study. One of the recommendations provides for an immediate authorization of at least $2 billion for the balance of calendar year 1961 under title I of Public Law 480.

Additional new requests have been received and new information has developed indicating that a $2 billion authorization would more effectively meet title I programing requirements during calendar year 1961 than would the $1.1 billion request submitted earlier. Thus, the administration accepts this recommendation and reemphasizes the urgent need for immediate action. Only a small amount of the current funds remain uncommitted. We are now in position in our programing where these remaining funds are becoming so limited that it may be necessary to inform foreign governments that their current requests may have to be deferred. Therefore, it is imperative that Congress be asked to take prompt action to consider a bill for additional funds.

We recommend that any other amendments to this act be considered in separate legislation at a later date.

Enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1962. The program costs of $1.6 billion estimated for the fiscal year 1962 takes into account the proposed additional authorization.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the President of the Senate.

Sincerely yours,

ORVILLE L. FREEMAN.

JUSTIFICATION FOR ADDITIONAL $2 BILLION AUTHORIZATION UNDER TITLE I, PUBLIC LAW 480, FOR CALENDAR YEAR 1961

The total authorization available for calendar year 1961 was $1.5 billion, plus $335 million carried over from calendar year 1960. This has all been committed in signed agreements or in agreements expected to be signed. The major part was committed against the last 3 years of the India agreement ($1.589 billion) which could not be covered by the calendar year 1960 authorization. This left $246 million available for other programs.

Future programing plans of the Department involve three categories of development at the present time, as follows:

1. *Country programs approved for negotiation when funds become available, $50 million.*—This category includes a few countries for which programs have been approved by the Department and need only the availability of funds to be placed into negotiation.

2. *Programs under development resulting from country requests, $1,250 million.*—This group involves countries who have made requests for programs and whose requests are now being reviewed and analyzed by the Department. This category includes a request from the Government of Pakistan for a 4-year agreement. At the present time we are thinking in terms of a 4-year program for Pakistan of nearly $1 billion and programs for additional countries such as China (Taiwan) and Indonesia.

3. *Additional programs expected, $600 million.*—Although no formal country requests have been received in this category, several programs are now in preliminary stages of discussion. The principal program is this category is the possible negotiation

of a multiyear agreement with the Government of Brazil as a result of the special food-for-peace mission to Latin America. Other programs in this group include such countries as Chile, Israel, Paraguay, the United Arab Republic, and Poland.

Commodities expected to be programed from $2,000,000,000 authorization

Commodity:		Quantity in millions
Wheat and wheat flour	bushels	425
Feed grains	do	45
Rice (milled)	hundredweight	10. 5
Cotton:		
Upland	bales	1. 1
Extra-long staple	do	. 05
Tobacco	pounds	30
Nonfat dry milk	do	80
Vegetable oils	do	950
Nonprice support (tallow, lard, meat and poultry products, fruit)	dollars	25–50
Ocean transportation	do	180

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

Agricultural Trade Development and Assistance Act of 1954, as Amended

*　　*　　*　　*　　*　　*　　*

Sec. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

(b) Agreements shall not be entered into under this title in [any calendar year during the period beginning January 1, 1960, and ending December 31, 1961,] *the calendar year 1960* which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $1,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized

for such preceding year by this Act as in effect during such preceding year. *Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year.*

MINORITY REPORT

We would like to make it perfectly clear at the outset of this report that we favor and support Public Law 480. Since its development and enactment in 1954 by the 83d Congress, this vital program has become invaluable in implementing both our agricultural and foreign policies, as well as being the cornerstone of President Eisenhower's food-for-peace program. The benefits of Public Law 480 have been recognized by farmers, taxpayers, and the general public during the past 7 years. In order to maintain this support, Congress must insist that the program be soundly administered.

We feel that an increased authorization of $1.1 billion for the balance of 1961 for financing foreign currency sales under title I of the act has been justified. We feel, however, that the Department of Agriculture has not justified its request for the full $2 billion contained in H.R. 4728.

It is our conviction that operations under Public Law 480 must be kept on a sound and sensible basis. The original and basic purpose of the act is to dispose of our farm surpluses in an orderly and constructive manner. The current emphasis to use these surpluses in the furtherance of assistance to underdeveloped friendly nations calling for increased authorizations must be carefully accounted for so that the American public will understand the amounts used primarily for this purpose. Administration of Public Law 480 in such a manner as to appear that these growing costs are for the benefit of agriculture can only bring criticism of the program, and what is even more tragic, it can bring more undue criticism on the American farmer who is already being unjustly charged with costs involved in the foreign policy, defense, and assistance aspects of the program.

PROGRAM RESULTS

Over 11.4 billion dollars' worth of our farm surpluses have been programed for foreign outlets under the act since 1954. Sales for foreign currencies under title I have accounted for the greatest portion of this amount. From fiscal 1955 through December 31, 1960, agreements involving some 7.4 billion dollars' worth of surplus agricultural commodities have been made under title I. Title I programs now involve a total of 218 separate agreements with 38 foreign nations.

BACKGROUND OF BILL

This bill provides an additional authorization of $2 billion for the calendar year 1961 for funding sales for foreign currencies under title I of the act. This additional authorization is over and above the original $1.5 billion already provided for the program for the calendar year 1961. On January 9, 1961, the Eisenhower administration requested Congress to provide an additional $1.1 billion for this

calendar year. The Department of Agriculture's justification of its request was as follows:

> The request for additional funds for title I is presented at this time to permit orderly programing and shipment of agricultural commodities without interruption to those areas of the world which are urgently in need of these commodities. Consistent with the objectives of the food-for-peace program, every effort is being made to maximize the utilization of our surpluses. We have emphasized programing on a longer term basis with countries where consumption needs are large and where the commodities programed are expected to be in surplus supply.
>
> Although the current authorization does not expire until December 31, 1961, we estimate that available funds will be exhausted very early in calendar year 1961. The need for the additional authorization is urgent. Unless the authorization is granted promptly, it may be necessary to discontinue programing during a part of calendar year 1961.

SUGGESTED AMENDMENT

In the brief hearings held by the Committee on Agriculture, only four Department of Agriculture witnesses appeared briefly and asked for the $900 million over and above the amount previously requested in January. The record clearly indicates that they did not make a good case.

In view of the fact that the Department witnesses admitted that they did not have program commitments for the additional $900 million and that they were merely speculating, we therefore recommend that H.R. 4728 be amended to provide an additional $1.1 billion for title I sales during the current year. We feel that this is the proper course because—

(1) The request for amounts in excess of $1.1 billion was based on departmental speculation over possible agreements and not on actual agreements or even on potential agreements reduced to negotiations.

(2) The entire act expires on December 31, 1961. This means the Congress must extend the law prior to adjournment this session. With long-range extension hearings coming up before the committee by June, the Department will have ample opportunity at that time to further justify its request for an additional $900 million. In the meantime $1.1 billion should be more than adequate to meet present needs.

(3) Certainly the American taxpayer has the right to expect that the expenditure of the sum of $900 million will not be authorized by the Congress without being programed. Certainly the Congress owes a responsibility to the taxpayers not to grant such blank check authorizations. It was incumbent upon the agency charged with the administration of this program to present to the Committee on Agriculture a program for this additional $900 million. This it did not do. Until this is done, the Congress should not be asked to vote this additional authorization. The expenditures of these huge sums of money should be fully

supported and justified by the record of open and public hearings at which all segments of agriculture and the Nation have the opportunity to express their views.

Charles B. Hoeven.
Paul B. Dague.
Page Belcher.
Clifford G. McIntire.
Charles M. Teague.
Albert H. Quie.
Don L. Short.
Catherine May.
Delbert Latta.
Ralph Harvey.
Robert Dole.
Ralph F. Beermann.
Ben S. Reifel.

MINORITY VIEWS OF HON. PAUL FINDLEY

I believe public hearings should be held before further authorizations are made under Public Law 480.

There are strong indications the original goal of the program—surplus disposal—has been scrapped in favor of a gigantic worldwide welfare program. Public hearings would make clear the new nature and new goals of the program and would enable the Congress to measure its full implications and determine the effect on foreign and domestic agricultural markets.

If Public Law 480 is to be primarily a welfare program, bookkeeping should be changed so that the cost is charged to welfare, not to the farmer, and procedures should be changed to prevent opening the floodgates for "back door" spending.

Our Nation faces a serious balance-of-payments problem. Before any further agreements are consummated, consideration should be given to added spending by U.S. tourists to the list of approved uses for foreign currencies acquired under this program. Tourists could exchange dollars for local currencies at the Embassy upon entering the country. This would help to reduce the outflow of dollars.

PAUL FINDLEY.

Union Calendar No. 57

87TH CONGRESS
1ST SESSION

H. R. 4728

[Report No. 196]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 22, 1961

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

MARCH 23, 1961

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960", and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of

this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

Union Calendar No. 57

87TH CONGRESS
1ST SESSION

H. R. 4728

[Report No. 196]

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

By Mr. COOLEY

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Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 20, 1961
For actions of April 19, 1961
87th-1st, No. 66

CONTENTS

HIGHLIGHTS: Senate committee voted to report bill to provide additional authorizations for Public Law 480. Rep. Cooley urged enactment of Administration farm bill. Senate committee reported nomination of Bertsch to be Farmers Home Administrator. Senate debated minimum wage bill. Senate committee reported bill to authorize temporary reapportionment of pooled acreage allotments.

SENATE

1. MINIMUM WAGE. Continued debate on H. R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage gradually to $1.25 an hour. pp. 5849-87
Agreed to the following amendments:
By Sen. Hill to exempt from the Act workers who may occasionally engage in livestock auction operations as an adjunct to his regular work of raising livestock. pp. 5878-9
By Sen. Young, N. Dak., to exempt from the Act workers employed at country elevators that market farm products for farmers. p. 5883
By Sen. Russell to exempt from the Act workers engaged in ginning cotton for market at any location in a county where cotton is grown in commercial quantities. p. 5887

Rejected the following amendments:

By Sen. Goldwater, 39 to 55, to require the imposition of quotas, tariffs, etc., when the Secretary of Labor investigates and reports to the President that foreign competition has resulted or may result in unemployment in the U. S. pp. 5849-57

By Sen. Monroney, 39 to 56, to reduce the number of additional employees to be covered under the Act. pp. 5857-71

By Sen. Morse to exempt from the Act workers engaged in lumbering or forestry operations of a business controlled by an enterprise engaged in the production of pulp, paper, or other wood products or is owned by the U. S., State, or local government. pp. 5879-82

By Sen. Holland to provide that the Secretary of Labor shall have no power, except as expressly provided by law, to regulate the wages and hours of employment of workers employed in agriculture. pp. 5883-7

2. SURPLUS COMMODITIES; FOREIGN TRADE. The Agriculture and Forestry Committee voted to report (but did not actually report) without amendment S. 1027, to amend Public Law 480 so as to provide an additional authorization of $2 billion during 1961 under title I for sales of surplus commodities for foreign currencies. ~~p. D259~~

3. NOMINATIONS. The Agriculture and Forestry Committee reported the nomination of Howard Bertsch to be Administrator of the Farmers Home Administration, and the nominations of Julian B. Thayer and Joe B. Zeug to be members of the Federal Farm Credit Board, Farm Credit Administration. p. 5833

4. ACREAGE ALLOTMENTS. The Agriculture and Forestry Committee reported with amendment S. 1372, to authorize the temporary release and reapportionment of pooled acreage allotments (S. Rept. 172) (p. 5836). The committee voted to report the bill earlier in the day (p. D259).

5. TEXTILES. Received from the Commerce Committee a report, "Problems of the Domestic Textile Industry" (S. Rept. 173). p. 5836

6. FARM LABOR. Sen. Williams, N. J., discussed the current hearings on problems of migratory labor and inserted several items on the matter. pp. 5901-3

HOUSE

7. FARM BILL. Rep. Cooley announced that the Agriculture Committee will open hearings on Monday, April 24, on the administration's farm bill, H. R. 6400, with Secretary Freeman the first witness. He stated that the first phase of the hearings will be limited to title I of the bill, and later hearings will deal with Public Law 480, agricultural credit, and the special milk program. He urged enactment of this bill at the earliest possible date. pp. 5939-40

8. LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 5416, to include within the boundaries of Joshua Tree National Monument, in the State of California, certain Federally owned lands used in connection with the monument. p. D261

9. VEHICLES. The Judiciary Committee voted to report (but did not actually report) H. R. 2883, to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment. p. D261

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued April 21, 1961
For actions of April 20, 1961
87th-1st, No. 67

CONTENTS

HIGHLIGHTS: House Rules Committee cleared bill to provide additional authorization for Public Law 480. Senate committee reported bill to provide additional authorization for Public Law 480. Both Houses received and Senate agreed to conference report on depressed areas bill. Senate passed minimum wage bill. Senate confirmed Bertsch nomination. Both Houses received President's message on Federal taxation. Senate passed bill to authorize temporary reapportionment of pooled acreage allotments. Rep. Schwengel criticized farm bill.

SENATE

1. SURPLUS COMMODITIES; FOREIGN TRADE. The Agriculture and Forestry Committee reported without amendment S. 1027, to amend Public Law 480 so as to provide an additional authorization of $2 billion during 1961 under title I for sales of surplus commodities for foreign currencies (S. Rept. 175). p. 5960

2. DEPRESSED AREAS. Both Houses received and the Senate agreed to the conference report on S. 1, the depressed areas bill (H. Rept. 256) (pp. 6006-15, 6071-77). The statement of the managers on the part of the House includes the following statements:

"DESIGNATION OF RURAL AREAS

"The conference substitute contains the following provisions, which were in the Senate bill but not in the House amendment, concerning designation of rural areas as redevelopment areas under the bill:

"1. A requirement that detailed standards for designation of such areas must be prescribed before any financial assistance is extended as a result of such designations.

"2. A provision that in making such designations consideration shall be given to the extent to which rural development projects have previously been located in such areas under programs of the Department of Agriculture.

"3. A provision that in making such designation the Secretary shall endeavor to distribute projects widely among the several States, so far is feasible and proper, in order that actual experience with the program may be had in as many States and areas and under as many different circumstances as possible." ***

"FINANCING OF LOAN PROGRAMS

"The House amendment authorized appropriations to provide funds for loans under sections 6 and 7 of the bill. The Senate bill authorized the Secretary of the Treasury to obtain such funds through public debt transactions under the Second Liberty Bond Act. The conference substitute follows the provisions of the Senate bill in this respect but adopts the House provisions with respect to (1) the establishment of one area redevelopment fund (rather than three revolving funds as in the Senate bill), and (2) the requirement that the fund contribute to the civil service retirement and disability fund with respect to employees performing activities under sections 6 and 7." ***

"USE OF OTHER AGENCIES BY DEPARTMENT OF COMMERCE

"The conference substitute follows the language of the House bill with respect to delegation of authority by the Secretary of Commerce to other Federal agencies. The Secretary of Commerce has testified before the committees of both the House and the Senate that he will delegate to the Department of Agriculture major responsibility for assistance to be rendered in rural redevelopment areas, as designated under section 5(b) of the act, and the Secretary of Agriculture has testified to his willingness to accept such responsibility. It is the understanding of the conferees that the Department of Agriculture has services and facilities available of requisite competence and experience for effectively carrying out such delegation. It is, therefore, the expectation of the conferees that this delegation to the Department of Agriculture will be made promptly upon enactment of the bill." ***

"TERMINATION OF PROGRAM

"The conference substitute contains a provision that was in the Senate bill but not in the House amendment, terminating the program on June 30, 1965. It also provides for liquidation of the program after that date by the Secretary of the Treasury. The carrying out of contracts, commitments, and other obligations theretofore entered into under the program would not be affected by its termination."

3. MINIMUM WAGE. By a vote of 65 to 28, passed with amendments H. R. 3935, to amend the Fair Labor Standards Act to provide for the coverage of additional workers and to increase the minimum wage gradually to $1.25 an hour. pp. 5971, 5975-81, 5983-92, 6059-60

4. TAXATION; COOPERATIVES. Both Houses received the President's message on Federal taxation (H. Doc. 140) (pp. 5992-98, 6078-83). Regarding the taxation of cooperatives the President recommended "that the law be clarified so that all earnings are taxable to either the cooperatives or to their patrons, assessing the patron on the earnings that are allocated to him as patronage dividends or refunds in scrip or cash. The withholding principles recommended above should also be applied to patronage dividends or refunds so that the average patron receiving scrip will, in effect, be given the cash to pay his tax on his patronage dividend or refund .... The exemption for rural electric cooperatives and credit unions should be continued."
   Several Senators commended the message. pp. 5999, 6022-3. 6029, 6047-8

5. ACREAGE ALLOTMENTS. Passed as reported S. 1372, to authorize the temporary release and reapportionment of pooled acreage allotments. p. 6018

6. NOMINATIONS. Confirmed the nomination of Howard Bertsch to be Administrator of Farmers Home Administration and the nominations of Julian B. Thayer and Joe B. Zeug to be members of the Federal Farm Credit Board, Farm Credit Administration. p. 5959

7. FARM HOUSING. Sen. Hartke commended the farm housing program, stating that there is an extensive and continuing need for this type of credit service to farm owners and that almost "1,500 applications were received during February, and this number was 45 percent greater than the number received during February last year." pp. 5972-3

8. PEACE CORPS. Sen. Kerr inserted the text of a factbook which attempts to answer some of the basic questions about the Peace Corps program. pp. 6019-21

9. PATENTS. Sen. Humphrey inserted an article," Federal Contract Patent Policy and the Public Interest," which deals with the arguments for relinquishing title to patents, the real costs of relinquishing title, reasons why Government should take title, and the goals of our society as contrasted with the U. S. S. R. pp. 6048-54

10. RURAL DEVELOPMENT. Sen. Proxmire inserted two articles discussing industrial development of rural areas, "Rural Industry Agency is Freeman Objective" and "Rural Industry." pp. 6058-59

11. WATER POLLUTION. Sen. Morse inserted a memorial from the Oregon legislature endorsing the establishment of a Pollution Control Laboratory in the Pacific Northwest. p. 6066

12. ADJOURNED until Mon., Apr. 24. p. 6069

HOUSE

13. SURPLUS COMMODITIES; FOREIGN TRADE. The Rules Committee reported a resolution for consideration of H. R. 4728, to amend Public Law 480 so as to provide an additional authorization of $2 billion during 1961 under title I for sales of surplus commodities for foreign currencies. p. 6084

14. FARM BILL. Rep. Schwengel criticized the conservation reserve program item in the new farm bill, saying "The very absence of constructive reference to this important subject might lead one to believe that conservation practices by the present administration have diminished in importance." p. 6134

15. COMMITTEE APPOINTMENTS. Reps. Colmer and Westland were appointed to the National Forest Reservation Commission.
Reps. Pfost, Rivers (Alaska), Saylor, and Kyl were appointed to the National Outdoor Recreation Resources Review Commission. p. 6078

16. LEGISLATIVE PROGRAM. Rep. McCormack announced that the conference report on S. 1, the depressed areas bill, will be considered on Wed., to be followed by consideration of H. R. 4728, to amend Public Law 480. pp. 6117-8

17. ADJOURNED until Mon., Apr. 24. p. 6144

ITEMS IN APPENDIX

18. WATER RESOURCES. Sen. Hartke inserted a speech by Sen. Kerr at the annual meeting of the Wabash Valley Association, Inc., on water conservation and resource development. pp. A2660-2

19. ST. LAWRENCE SEAWAY. Extension of remarks of Sen. Wiley expressing his opinion that expansion of traffic through the seaway offers great opportunity for economic growth and progress, and insertion of excerpts of his radio address on this subject. pp. A2663-5

20. TEXTILES. Extension of remarks of several Representatives expressing a need for restrictions on textile imports, and insertion of articles and statistical data to support their opinions. pp. A2665, A2703, A2706-7, A2714

21. WILDLIFE. Extension of remarks of Sen. Bartlett and insertion of an Alaska newspaper editorial commending the appointment of C. F. Pautzke as Commissioner of the U. S. Fish and Wildlife Service. pp. A2677-8

22. PEACE CORPS. Sen. Williams extended his remarks and inserted a newspaper article "South Orange Eighth Graders Form a Junior Peace Corps" and portions of a television transcript of comments of the Director of the Peace Corps concerning a "peace corps on the homefront." pp. A2681-2

23. NATURAL RESOURCES. Sen. Yarborough inserted an article "The National Conference on State Parks: Its History and Its Future," which he described as an excellent report on the work of this group and its interest and work in coordination with the national conservation efforts. pp. A2682-3

24. ECONOMICS. Extension of remarks of Rep. Curtis, Mo., and insertion of a Honolulu editor and publisher's address "The Economic Outlook On The New Frontier" which is somewhat critical of Government spending to get money in circulation and states that we are in urgent need of tax reform. pp. A2683-6

25. FEED GRAINS. Extension of remarks of Rep. Smith, Iowa, and insertion of an Iowa newspaper article which says that the new feed grains program is getting a lot of support from farmers. pp. A2708-10

26. FARM LABOR. Extension of remarks of Rep. Coad calling for support of his bill, H. R. 6032, which would amend the program under which Mexican braceros are

Calendar No. 148

87TH CONGRESS 1st Session } SENATE { REPORT No. 175

INCREASE IN 1961 TITLE I, PUBLIC LAW 480 AUTHORIZATION

APRIL 20, 1961.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 1027]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1027), to amend title I of the Agricultural Trade Development and Assistance Act of 1954, having considered the same, report thereon with a recommendation that it do pass without amendment.

PURPOSE

This bill would increase the authorization of title I of Public Law 480, 83d Congress, for the calendar year 1961 by $2 billion to a total of $3.5 billion, plus any unused authority carried over from 1960. Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies, which are then used for a number of purposes enumerated in title I for the benefit of the United States and the purchasing country.

NEED FOR ADDITIONAL FUNDS

The total authorization available for calendar year 1961 was $1.5 billion, plus $335 million carried over from calendar year 1960. This has all been committed in signed agreements or in agreements expected to be signed. The major part was committed against the last 3 years of the India agreement ($1.589 billion) which could not be covered by the calendar year 1960 authorization. This left $246 million available for other programs.

Future programing plans of the Department involve three categories of development at the present time, as follows:

1. *Country programs approved for negotiation when funds become available, $50 million.*—This category includes a few coun-

tries for which programs have been approved by the Department and need only the availability of funds to be placed into negotiation.

2. *Programs under development resulting from country requests, $1,250 million.*—This group involves countries who have made requests for programs and whose requests are now being reviewed and analyzed by the Department. This category includes a request from the Government of Pakistan for a 4-year agreement. At the present time the Department is thinking in terms of a 4-year program for Pakistan of nearly $1 billion and programs for additional countries such as China (Taiwan) and Indonesia.

3. *Additional programs expected, $600 million.*—Although no formal country requests have been received in this category, several programs are now in preliminary stages of discussion. The principal program in this category is the possible negotiation of a multiyear agreement with the Government of Brazil as a result of the special food-for-peace mission to Latin America. Other programs in this group include such countries as Chile, Israel, Paraguay, the United Arab Republic, and Poland.

Commodities expected to be programed from $2,000,000,000 authorization

Commodity:	Unit	*Quantity in millions*
Wheat and wheat flour	bushels	425
Feed grains	do	45
Rice (milled)	hundredweight	10. 5
Cotton:		
Upland	bales	1. 1
Extra-long staple	do	. 05
Tobacco	pounds	30
Nonfat dry milk	do	80
Vegetable oils	do	950
Nonprice support (tallow, lard, meat and poultry products, fruit)	dollars	25–50
Ocean transportation	do	180

These planned programs will use the great bulk of the $2 billion authorization provided by the bill. Later in this session of Congress recommendations will be considered for the continuation of the program beyond the present expiration date of December 31, 1961.

Poor crop conditions abroad have resulted in increased need of commodities under title I in many countries. In addition there is increasing interest in longer term commodity agreements by underdeveloped countries having large food deficits.

Multiyear title I agreements such as the 4-year agreement concluded with the Government of India last year assure the availability of adequate supplies for such food-deficit countries.

It lets them plan commodity procurement and shipment over longer periods and conduct such operations more effectively; it permits maximum use of facilities to receive, store, and distribute commodities; it allows coordination of import programs with local production; and it supports long-range plans for total economic development.

USE OF FOREIGN CURRENCIES

The committee is concerned with unbusinesslike practices and procedures which are being followed in the operation of the Public Law

480 program and particularly in the acquisition and use of foreign currencies generated by title I of such program.

Pending further study of the program incident to consideration of the renewal of the Public Law 480 program, it is strongly recommended that all steps possible be taken to correct these practices which result in the loss of vast amounts of money by the United States. These practices include:

1. *Unrealistic exchange rates negotiated with participating countries.*—In numerous instances, the exchange rate agreed upon between the United States and the foreign country in connection with the sale of agricultural commodities was substantially less than the free market rate of the local currencies or the rate used by the Treasury when selling these currencies to other Government agencies. This means that the dollar equivalent of the foreign currencies collected has been considerably less than would have been the case if the exchange rate negotiated in the sales agreement had more nearly conformed to the free market rate of exchange. In fact, such losses are in excess of $1 billion.

2. *Failure to report losses resulting from unrealistic exchange rates.*—The committee feels there is a need for more forthright reporting of what Public Law 480 sales actually generate in foreign currencies, and in the event the exchange rate at which any commodity is supplied, or the sale or exportation thereof financed under title I, is less favorable than the rate at which the United States is able to acquire currencies of the particular foreign country on the date of the dollar disbursement by CCC relating to the transaction, then a detailed report of the circumstances, and justification therefor, should be made in the next semiannual report to the Congress.

3. *Substantial amounts of currency are lying idle.*—Large amounts of foreign currencies received by the United States from Public Law 480 sales are placed in special accounts in foreign depositories where they become a part of that country's economy. In view of this, some countries, while signing loan agreements for this money, do not borrow it from the United States, and the United States receives no interest on it while it depreciates to the extent that the country's currency may depreciate in relation to the dollar. Thus, in effect, the country may have the use of the money during this period without interest to the United States for purposes which may not be prescribed in the act or concurred in by the United States. Reportedly, as of September 30, 1960, the United States had received the equivalent of $4.013 billion, while disbursements totaled only $1.715 billion, leaving $2.3 billion in Treasury accounts which had not been used as of that date. Most of this is lying in the banks of foreign countries without bearing interest and depreciates to the extent that the country's currency may depreciate in relation to the dollar.

4. *Division of currencies is tug-of-war.*—In developing title I sales agreements, an interdepartmental committee, consisting of representatives of various Government agencies having an interest in the use of sales proceeds, determines the division of currencies to be negotiated with foreign governments. This involves a tug-of-war with the Department of State trying to obtain the largest possible amount for use by the country in the form of loans and grants, while other U.S. agencies try to obtain as much as they can for their own programs abroad.

The committee feels that the interdepartmental committee should exercise greater prudence in setting aside the portions of sales proceeds to be used for various purposes specified in the act. The committee is well aware, of course, that the amount of currencies made available to the foreign country is an important consideration in the title I agreement. On the other hand, the committee believes that the United States should make maximum use of these foreign currencies where they can be used for appropriate U.S. agency programs.

BARTER

The committee feels that whenever the opportunity presents itself to dispose of additional surplus agricultural commodities in exchange for materials of which the United States does not domestically produce its requirements, such as wheat for sugar from India, such opportunity should be fully explored and such exchange should be made if it is in the best interest of the United States and meets the other requirements of section 303 of Public Law 480.

Departmental Views

Department of Agriculture,
Washington, D.C., February 16, 1961.

President of the Senate,
U.S. Senate.

Dear Mr. President: Enclosed is a draft of a proposed bill to provide an increase of $2 billion in the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.), for calendar year 1961.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. The title I authorization currently provides for sales of $1.5 billion at cost to the Commodity Credit Corporation for each of calendar years 1960 and 1961 plus any unused amounts from previous authorizations.

The past administration in a letter dated January 9, 1961, addressed to you from Clarence L. Miller, then Assistant Secretary of Agriculture, submitted a request for an increase of $1.1 billion to the current title I authority for calendar year 1961.

As you know, President Kennedy appointed a Food for Peace Committee to make an analysis of current legislative programs and report its findings and recommendations on how to shift from the concept of surplus disposal to utilization of our abundant food supply to help raise the living and nutritional standards of peoples here at home and abroad.

The committee has submitted the recommendations and they are now under study. One of the recommendations provides for an immediate authorization of at least $2 billion for the balance of calendar year 1961 under title I of Public Law 480.

Additional new requests have been received and new information has developed indicating that a $2 billion authorization would more effectively meet title I programing requirements during calendar year 1961 than would the $1.1 billion request submitted earlier. Thus, the

Administration accepts this recommendation and reemphasizes the urgent need for immediate action. Only a small amount of the current funds remain uncommitted. We are now in position in our programing where these remaining funds are becoming so limited that it may be necessary to inform foreign governments that their current requests may have to be deferred. Therefore it is imperative that Congress be asked to take prompt action to consider a bill for additional funds.

We recommend that any other amendments to this act be considered in separate legislation at a later date.

Enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1962. The program costs of $1.6 billion estimated for the fiscal year 1962 takes into account the proposed additional authorization.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House.

Sincerely yours,

ORVILLE L. FREEMAN.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

* * * * * * *

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended.[7] Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

(b) Agreements shall not be entered into under this title in [any calendar year during the period beginning January 1, 1960, and ending December 31, 1961] *the calendar year 1960*, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $1,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse

the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year. *Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years.*

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Calendar No. 148

87TH CONGRESS
1ST SESSION

S. 1027

[Report No. 175]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 22, 1961

MR. ELLENDER (by request) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

APRIL 20, 1961

Reported by MR. ELLENDER, without amendment

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in

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amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years."

Calendar No. 148

87TH CONGRESS
1ST SESSION

S. 1027

[Report No. 175]

A BILL

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

By Mr. ELLENDER

FEBRUARY 22, 1961

Read twice and referred to the Committee on Agriculture and Forestry

APRIL 20, 1961

Reported without amendment

87th Congress, 1st Session } HOUSE OF REPRESENTATIVES { Report No. 255

CONSIDERATION OF H.R. 4728

April 20, 1961.—Referred to the House Calendar and ordered to be printed

Mr. Madden, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 262]

The Committee on Rules, having had under consideration House Resolution 262, report the same to the House with the recommendation that the resolution do pass.

57008

House Calendar No. 39

87TH CONGRESS
1ST SESSION

H. RES. 262

[Report No. 255]

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 1961

Mr. MADDEN, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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RESOLUTION

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment,

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the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

House Calendar No. 39

87th CONGRESS
1st Session

H. RES. 262

[Report No. 255]

RESOLUTION

Providing for the consideration of H.R. 4728, a bill to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

By Mr. Madden

April 20, 1961

Referred to the House Calendar and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued April 25, 1961
For actions of April 24, 1961
87th-1st, No. 68

CONTENTS

HIGHLIGHTS: Senate passed bill to provide additional authorization for Public Law 480. House committee reported bill to extend Mexican farm labor program. Several Representatives debated Administration farm program. Sen. Moss and Reps. King, Utah, and Peterson introduced, and Sen. Moss discussed bill to provide for emergency livestock loans.

SENATE

1. SURPLUS COMMODITIES; FOREIGN TRADE. Passed without amendment S. 1027, to amend Public Law 480 so as to provide an additional authorization of $2 billion during 1961 under title I for sales of surplus commodities for foreign currencies (pp. 6170-4). The report of the Agriculture and Forestry Committee includes the following statements regarding administration of this program:

"USE OF FOREIGN CURRENCIES

"The committee is concerned with unbusinesslike practices and procedures which are being followed in the operation of the Public Law 480 program and particularly in the acquisition and use of foreign currencies generated by title I of such program.

"Pending further study of the program incident to consideration of the renewal of the Public Law 480 program, it is strongly recommended that all steps possible be taken to correct these practices which result in the loss of vast amounts of money by the United States. These practices include:

"1. Unrealistic exchange rates negotiated with participating countries. ***

"2. Failure to report losses resulting from unrealistic exchange rates. ***

"3. Substantial amounts of currency are lying idle. ***

"4. Division of currencies is tug-of-war. ***

"The committee feels that the interdepartmental committee should exercise greater prudence in setting aside the portions of sales proceeds to be used for various purposes specified in the act. The committee is well aware, of course, that the amount of currencies made available to the foreign country is an important consideration in the title I agreement. On the other hand, the committee believes that the United States should make maximum use of these foreign currencies where they can be used for appropriate U. S. agency programs.

"BARTER

"The committee feels that whenver the opportunity presents itself to dispose of additional surplus agricultural commodities in exchange for materials of which the United States does not domestically produce its requirements, such as wheat for sugar from India, such opportunity should be fully explored and such exchange should be made if it is in the best interest of the United States and meets the other requirements of section 303 of Public Law 480."

2. STOCKPILING. Both Houses received from OCDM the semiannual report on the strategic and critical materials stockpiling program. pp. 6148, 6235

3. FOOD AND AGRICULTURE ORGANIZATION. Both Houses received from the State Department a proposed bill "to amend the joint resolution providing for membership of the United States in the Food and Agriculture Organization of the United Nations"; to S. Foreign Relations and H. Foreign Affairs Committees. pp. 6148, 6236

4. MILK SANITATION STANDARDS. Sen. Wiley urged enactment of legislation to establish more uniform sanitation standards for the interstate shipment of milk and inserted a Wisc. Legislature resolution favoring enactment of such legislation. p. 6151

5. CIVIL DEFENSE. Sen. Symington inserted a statement prepared by Sen. Young, O., criticizing the civil defense program. pp. 6161-2

6. FORESTRY. Sen. Anderson inserted and commended excerpts from a magazine article favoring enactment of legislation to provide for the preservation of wilderness areas. pp. 6168-9

7. MINIMUM WAGE. Conferees were appointed in both Houses on H. R. 3935, the minimum wage bill. pp. 6193, 6225

8. HOUSING. Sen. Humphrey urged enactment of the President's proposal to establish a Department of Urban Affairs and Housing and inserted the letter from the President submitting a draft of the proposed legislation, a sectional analysis of the proposed bill, and a letter from the Director of the Budget Bureau describing the proposal in detail. pp. 6202-5

"Mariscal Canyon of the Rio Grande, Big Bend Country of Texas."

"Sunset Over the Chisos Mountains, Tex."

"Quetico-Superior Lake Country of Minnesota and Canada."

It is our purpose through the wilderness bill to keep these frontiers where we can still face the wilderness—where our children and grandchildren can too.

Commenting on this bill, the editors of Life voice again the opinions that urge us here in the Congress to move forward promptly:

> These scenes of untrammeled loveliness are among the last heritages of primeval wilderness which remain to the people of the United States. As vestiges of an all-but-vanished frontier, they are precious. Now in Washington strenuous efforts are being made to give them the kind of permanent protection which they ought to have. A bill before Congress, pushed by President Kennedy himself, would make it national policy to keep these areas forever inviolate, free of lumbering or mining or building of any kind—even the building of roads or tourist facilities. All the areas are already Government-owned. Some of them in national parks, though now protected, are subject to the day-to-day changing policies within the Department of the Interior. Others in national forests under the Department of Agriculture are still open to exploration, roadbuilding, and use by mining interests. The new bill would forbid changes in the wilderness status except at the request of the President and the approval of Congress.
>
> The unspoiled areas which need protection are in all parts of the country and of every kind. Camp Romain, S.C., an east coast sanctuary for shore and ocean birds, is part of only 240 miles of Atlantic and gulf shore—240 out of an original 3,700—which is in State or Federal hands. Like the other wilderness areas, it needs to be preserved absolutely intact and authentic, not only for the livelihood and survival of the wild creatures which live in it but also for man that he may always have, in President Kennedy's words, fresh water and green country to turn to for spiritual refreshment.

Mr. President, many Senators have sent me notes and letters favorably commenting on this issue of Life. They join me in thanks to a splendid magazine for its public service.

DEATH OF DMYTRO HALYCHYN

Mr. CASE of New Jersey. Mr. President, it was with sadness that I learned of the untimely death on March 26 of Dmytro Halychyn, president of the Ukrainian Congress Committee of America and president of the Ukrainian National Association, Inc.

Mr. Halychyn had been an active fighter in the cause of Ukrainian freedom for many years. In 1917 he volunteered for the Ukrainian national army and served as a lieutenant for over three and a half years in the struggle for independence of the Ukraine. Mr. Halychyn immigrated to the United States in 1923 and then became active in Ukrainian American life. He has been especially noted for his devotion to helping the Ukrainian people both in this country and in Europe in his position of president of the Ukrainian Congress Committee of America and as a member of the board of directors of the United Ukrainian American Relief Committee. His devotion to the Ukrainian cause will be greatly missed.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ORDER OF BUSINESS

Mr. MORSE. Madam President, I promised the majority leader I would suggest the absence of a quorum before the conduct of business after conclusion of the morning hour. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE obtained the floor.

Mr. MORSE. Madam President, with the understanding that I do not lose my right to the floor, I am willing to yield to the Senator from West Virginia [Mr. RANDOLPH], then to the Senator from Alaska [Mr. GRUENING], and then to my good friend the Senator from Louisiana [Mr. ELLENDER], who, with the approval of the majority leader, seeks to take up a very brief conference report. I understand it is nothing that would be controversial. I am willing to yield for that purpose, too. But I do have a major speech that I wish to make as soon as I can.

The PRESIDING OFFICER. Without objection, the Senator may yield with the understanding he has stated.

PRESIDENT KENNEDY'S TAX PROPOSALS ARE ENCOURAGING; CORRECTIVE MEASURES MUST BE ENACTED TO ELIMINATE TAX BENEFITS ON FOREIGN PRODUCTION BY AMERICAN FIRMS; NEED FOR EXPANDED INVESTMENT IN UNITED STATES IS REAL

Mr. RANDOLPH. Madam President, the President's tax message, delivered to the Congress last week, is a significant step forward in achieving greater coherence and equity in our tax system. In addition, the message contains some very timely recommendations designed to improve the economic position of the United States today. Each of the President's recommendations, whether in the area of tax reform or tax incentive, deserves the serious and attentive consideration of the Congress.

Tax reform is needed, not only to preserve the integrity of our tax system, but also, in the foreign area particularly, to maintain and build world confidence in our economy. Unemployment in the United States today is largely attributable to the depressed rate of economic growth in recent years. The tax incentive granted for increased investment in plant and equipment will provide an added encouragement for American business to step up its expansion and this, in turn, will provide more jobs for American labor.

TAX DEFERRAL FOR OPERATING OVERSEAS IS BAD

Of particular interest to me is the President's recommendation to eliminate tax deferral for American companies operating abroad through foreign subsidiaries. It is time that we take corrective measures and stop encouraging, through tax benefits, the flight of American capital to the countries of Western Europe, particularly in view of the need for expanded investment here in the United States, and especially in our own "underdeveloped areas."

This provision goes hand in hand with the President's other recommendation for a tax incentive to increase expansion of plant and equipment in the United States. Since 1957, production abroad has exceeded our own exports, and the gap has increased steadily. I can think of no justification, particularly under present circumstances, for permitting American companies with foreign production and foreign labor to accumulate their profits after a 30 percent foreign tax, for example, while American production must pay tax at the rate of 52 percent.

TAX HAVEN ABROAD SHOULD BE STOPPED

Furthermore, where a foreign tax-haven corporation is involved, the tax imposed abroad may be utterly trivial or nonexistent. The tax savings thus derived from channelling profits from the United States, as well as from other countries, into subsidiaries in Switzerland, Liechtenstein, and other tax-haven countries are well publicized. I suspect that a survey would show that a majority of large American corporations with foreign operations have a tax-haven corporation somewhere in their organization.

Present law amounts to a tax-free loan by the Federal Government in an amount equal to the U.S. tax deferred. This advantage is far more significant than a rate reduction because the taxpayer, in effect, is given a completely unrestricted choice as to when he pays his taxes. Moreover, a portion of these profits accumulated by foreign subsidiaries may be reinvested through expansion and may never come into the tax base. If we are to assure the achievement and maintenance of increased economic growth in the United States as well as confidence in the U.S. dollar, this recommendation must be enacted.

I would like to direct the attention of this body to several other problems in the foreign area which President Kennedy has considered in his tax message. As we all know, corporations are normally subject to a tax of 52 percent, but, because of the mechanics of computing the foreign tax credit on dividends received from a foreign subsidiary, the continuing tax burden of a U.S. corporation operating through a foreign subsidiary may be reduced from 52 to 45 percent, and in some cases to as low as approximately 40 percent. While some may regard this as a small point, I believe that our corporate rate of tax is so basic that this discrepancy, this anomaly, in present law is completely

unjustified and can only be excused as an unintended mathematical error. The policy of tax equality demands that this be removed and that the corporate tax rate of 52 percent be applied generally.

SUBSTANTIAL ABUSE BY OUR CITIZENS' EARNINGS

Another recommendation would remove from existing law the exemption now granted earned income of American citizens living in any of the economically developed countries. The provision under existing law, which grants an unlimited exemption for earned income to American citizens residing abroad and an annual exemption of $20,000 for citizens temporarily present abroad, has been subject to substantial abuse and is unwarranted in the light of present economic conditions.

Special difficulties in living abroad, particularly in the European countries, are largely of the past. The ease with which people move from one country to another is such that individuals whose business requires them to be in various countries can as easily establish their residence in one place as another. Some individuals establish their residence abroad for tax purposes even though the nature of their business does not require it. It is manifestly unfair to other taxpayers to continue the exemption granted to those with a foreign residence in a country which may offer in all material respects living conditions comparable to those of the United States. Moreover, inducements to individuals to live abroad also contribute to our adverse balance of payments. Yet, to continue encouraging persons skilled in industry, education, medicine, and other professions to work in the less developed countries, the message recommends that a limited exemption be retained for persons residing and working in these areas.

CORRECTIVE ACTION NEEDED ON FOREIGN INVESTMENT

The President has also proposed corrective legislation to deal with the abuse of foreign investment companies. These companies are for the most part established in Canada, but recently the device has spread to Bermuda and, I believe, to the Bahamas. Stated in its simplest terms, the practice permits a shareholder in a foreign investment company to obtain capital gains treatment with respect to accumulated income while an investor in a comparable domestic company is currently taxed at the rates applicable to ordinary income. As a matter of tax equity, an investor in a foreign company should be treated no better than an investor in a domestic company. It is also significant that these foreign investment companies constitute a potential which, given the appropriate conditions, could add substantially to the outflow of dollars abroad.

EXEMPTION ON FOREIGN ESTATE TAX SHOULD END

Finally, the President recommends that the existing exemption from the Federal estate tax of foreign real estate be eliminated. In recent years this also has been the subject of abuse. Primarily because of this tax feature, persons have converted investments into foreign real estate in countries which, because of their very low tax rates, could be appropriately termed "estate tax havens." For example, in 1959 Canada revised her death duty law, providing for a flat rate of tax at 15 percent on the Canadian property of any decedent domiciled outside Canada. There is reason to believe that considerable real property is being purchased in other places, such as the Bahamas, Venezuela, and elsewhere. In view of the fact that we allow a credit for taxes paid abroad, there is no justification for continuing this special exemption for foreign real estate.

These are but the special provisions relating to the tax treatment of foreign income in the President's broad and comprehensive tax message. It is my hope that the Congress will move with dispatch to give serious consideration to these and the President's other tax proposals.

AMENDMENT OF AGRICULTURAL TRADE AND ASSISTANCE ACT OF 1954

Mr. ELLENDER. Madam President, I move that the Senate proceed to the consideration of Calendar No. 148, Senate bill 1027.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1027) to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. ELLENDER. Madam President, the bill was considered by the Committee on Agriculture and Forestry and was unanimously reported to the Senate. I took up the subject with the Senator from Vermont [Mr. AIKEN] who is the ranking Republican on the committee, and there is no objection to the consideration of the bill at this time.

This bill would increase by $2 billion the authorization of title I of Public Law 480, 83d Congress, for the calendar year 1961. This would result in a total authorization for title I for calendar 1961 of $3.5 billion plus any unused authority carried over from 1960.

Under title I of Public Law 480 the President is authorized to enter into agreements with friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies.

The administration has made this request because the total authorization available for calendar 1961, consisting of $1.5 billion plus a carryover of $335 million from 1960, has all been committed in signed agreements or in agreements expected to be signed. The major part, $1,589 million, was committed against the last 3 years of the India agreement. This left $246 million available for all other programs.

The Department of Agriculture reported that the additional $2 billion is needed in order to go forward with program negotiations with a number of countries. No new negotiations can go forward until funds are provided.

The Department plans to use the $2 billion in the following fashion:

First. Country programs approved for negotiation when funds become available $50 million: This category includes a few countries for which programs have been approved by the Department and need only the availability of funds to be placed into negotiation.

Second. Programs under development resulting from country requests, $1,250 million: This group involves countries who have made requests for programs, and whose requests are now being reviewed and analyzed by the Department. This category includes a request from the Government of Pakistan for a 4-year agreement. At the present time the Department is thinking in terms of a 4-year program for Pakistan of nearly $1 billion, and programs for additional countries such as China—Taiwan—and Indonesia.

Third. Additional programs expected, $600 million: Although no formal country requests have been received in this category, several programs are now in preliminary stages of discussion. The principal program in this category is the possible negotiation of a multiyear agreement with the Government of Brazil as a result of the special food-for-peace mission to Latin America. Other programs in this group include such countries as Chile, Israel, Paraguay, the United Arab Republic, and Poland.

These planned programs will use the great bulk of the $2 billion authorization provided by the bill.

Poor crop conditions abroad have resulted in increased need of commodities under title I in many countries. In addition, there is increasing interest in longer term commodity agreements by underdeveloped countries having large food deficits.

Multiyear title I agreements such as the 4-year agreement concluded with the Government of India last year, assure the availability of adequate supplies for such food deficit countries.

It lets them plan commodity procurement and shipment over longer periods, and conduct such operations more effectively; it permits maximum use of facilities to receive, store, and distribute commodities; it allows coordination of import programs with local production; and it supports long-range plans for total economic development.

The present law provides that any unused funds can be carried over from one year to the next. For example, a total of $335 million was carried over from calendar year 1960 for use in 1961. Therefore, any sums unspent or unallocated in calendar 1961 will be available for 1962.

Later this year, when the Committee on Agriculture studies the feasibility of extending Public Law 480 beyond December 31, 1961, this matter of carryover of funds can be explored fully.

In reporting on my investigation last summer for the Appropriations Committee, I commented on a number of unbusinesslike practices in the manage-

ment of foreign currencies acquired under Public Law 480. For instance, I found that the use of unrealistic exchange rates under title I agreements was costing the United States in excess of a billion dollars. In my report and in the hearings of the Committee on Agriculture and Forestry, there is set out a stable showing losses of over $600 million in four countries alone.

Another instance of improper management of these funds results from their deposit in foreign banks pending their loan to foreign governments. Deposited in their banks, these funds become a part of those countries' economies. They do not have to borrow these funds from the United States for purposes agreed upon with the United States and pay interest on them. They may borrow them from their own banks for any purpose they see fit, or they may issue new money instead of borrowing.

These unbusinesslike practices were discussed by the Committee on Agriculture and Forestry and there was a uniform agreement that they should be corrected. They were discussed in the committee report on this bill. If they are not corrected, the committee will propose legislative correctives. Such correctives are not in the pending bill, but could be included in later legislation this year making more extensive changes in Public Law 480 procedures. The pending bill relates only to funds for the current year, and the committee felt that it should be restricted to that purpose.

I ask unanimous consent that the portion of the report dealing with these practices be printed in the RECORD at this point in my remarks.

There being no objection, the portion of the report was ordered to be printed in the RECORD, as follows:

USE OF FOREIGN CURRENCIES

The committee is concerned with unbusinesslike practices and procedures which are being followed in the operation of the Public Law 480 program and particularly in the acquisition and use of foreign currencies generated by title I of such program.

Pending further study of the program incident to consideration of the renewal of the Public Law 480 program, it is strongly recommended that all steps possible be taken to correct these practices which result in the loss of vast amounts of money by the United States. These practices include:

1. Unrealistic exchange rates negotiated with participating countries: In numerous instances, the exchange rate agreed upon between the United States and the foreign country in connection with the sale of agricultural commodities was substantially less than the free market rate of the local currencies or the rate used by the Treasury when selling these currencies to other Government agencies. This means that the dollar equivalent of the foreign currencies collected has been considerably less than would have been the case if the exchange rate negotiated in the sales agreement had more nearly conformed to the free market rate of exchange. In fact, such losses are in excess of $1 billion.

2. Failure to report losses resulting from unrealistic exchange rates: The committee feels there is a need for more forthright reporting of what Public Law 480 sales actually generate in foreign currencies, and in the event the exchange rate at which any commodity is supplied, or the sale or exportation thereof financed under title I, is less favorable than the rate at which the United States is able to acquire currencies of the particular foreign country on the date of the dollar disbursement by CCC relating to the transaction, then a detailed report of the circumstances, and justification therefor, should be made in the next semiannual report to the Congress.

3. Substantial amounts of currency are lying idle: Large amounts of foreign currencies received by the United States from Public Law 480 sales are placed in special accounts in foreign depositories where they become a part of that country's economy. In view of this, some countries, while signing loan agreements for this money, do not borrow it from the United States, and the United States receives no interest on it while it depreciates to the extent that the country's currency may depreciate in relation to the dollar. Thus, in effect, the country may have the use of the money during this period without interest to the United States for purposes which may not be prescribed in the act or concurred in by the United States. Reportedly, as of September 30, 1960, the United States had received the equivalent of $4.013 billion, while disbursements totaled only $1.715 billion, leaving $2.3 billion in Treasury accounts which had not been used as of that date. Most of this is lying in the banks of foreign countries without bearing interest and depreciates to the extent that the country's currency may depreciate in relation to the dollar.

4. Division of currencies is tug of war: In developing title I sales agreements, an interdepartmental committee, consisting of representatives of various Government agencies having an interest in the use of sales proceeds, determines the division of currencies to be negotiated with foreign governments. This involves a tug-of-war with the Department of State trying to obtain the largest possible amount for use by the country in the form of loans and grants, while other U.S. agencies try to obtain as much as they can for their own programs abroad.

The committee feels that the interdepartmental committee should exercise greater prudence in setting aside the portions of sales proceeds to be used for various purposes specified in the act. The committee is well aware, of course, that the amount of currencies made available to the foreign country is an important consideration in the title I agreement. On the other hand, the committee believes that the United States should make maximum use of these foreign currencies where they can be used for appropriate U.S. agency programs.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. WILLIAMS of Delaware. For the record, I should like to ask the Senator a question. It is my understanding that under Public Law 480, title I, the money provided in the bill can be used to finance the sale in foreign countries only of the agricultural commodities which actually are in surplus. Is that correct?

Mr. ELLENDER. The Senator is correct.

Mr. WILLIAMS of Delaware. I understand that the money cannot be used to finance the sale in foreign countries for foreign currencies of agricultural commodities which are not in surplus.

Mr. ELLENDER. The Senator is correct.

Mr. WILLIAMS of Delaware. Am I correct in understanding that there are no provisions in Public Law 480 which are applicable with respect to authority to subsidize through Public Law 480 sales of any agricultural commodity which is not in surplus?

Mr. ELLENDER. That is my understanding.

Mr. WILLIAMS of Delaware. To use specific instances, corn and wheat at the moment are in surplus, and would be eligible for financing under the proposed program.

Mr. ELLENDER. As a matter of fact, they are the principal commodities which will be considered. There is also cotton and rice.

Mr. WILLIAMS of Delaware. There are many other commodities which are in surplus. However, as an example of the other side, the legislation would not extend to soybean, soybean oil, or soybean meal, which at the moment, during the calendar year which we are considering, are selling at high prices, and therefore would not be eligible under the proposed program. Is that correct?

Mr. ELLENDER. Not unless they became surplus.

Mr. WILLIAMS of Delaware. At the present time they are not.

Mr. ELLENDER. At the present time they are not. The Senator is correct.

Mr. WILLIAMS of Delaware. They would not be eligible, as in the case of the commodities mentioned.

Mr. ELLENDER. The Senator is correct.

Mr. AIKEN. I should like to make a brief statement.

Mr. WILLIAMS of Delaware. I should like to ask the Senator from Vermont the same questions that I asked of the Senator from Louisiana, and ask him whether his answers would be the same as those of the Senator from Louisiana.

Mr. AIKEN. My answers to the questions asked by the Senator from Delaware of the Senator from Louisiana are the same answers that the Senator from Louisiana gave to the Senator from Delaware.

Madam President, this authority applies only to the commodities which are in surplus at the present time.

I shall support the enactment of the proposed legislation, which grants authority to the Secretary of Agriculture to dispose of $2 billion more of agricultural surpluses under Public Law 480, which is an act that has been on our books for 6 years. During that length of time it has been in an instrument through which $9¼ billion worth of our agricultural surplus commodities have been disposed of in other countries.

The Secretary of Agriculture has asked for authority to sell $2 billion worth more of these surplus commodities between now and the 1st of January next year. He seems to believe that he can do that. I am inclined to agree with his assumption.

Agricultural commodities have been the most potent instrument this country has possessed in securing the cooperation of other democratic governments of

the world. They have been an even more potent instrument than our military strength, I believe. Certainly we have averted famines in foreign countries. Through the use of agricultural commodities we have stopped what would almost certainly have been inflation in some foreign countries.

So I believe we must use the productivity of our Nation to try to maintain democratic governments of the world—not only maintain democratic governments in foreign countries, but also maintain democracy here at home.

It is common knowledge that there are two schools of thought with respect to agricultural programs in this country. One school seems to feel that we should have our agricultural programs directed by the Government, with the Government regulating the farms and directing the use of the land, and through rules and regulations reduce our production until it comes into a so-called balance, or perhaps even produces a shortage.

We have in this country today perhaps a billion bushels of wheat and possibly 500 million or 600 million bushels of feed grains in surplus.

If we approve the proposed legislation, as the Senator from Louisiana has already pointed out, we can dispose of a large percentage of what is now called surplus farm commodities owned by the Government in this country. If we do that, there will be no need for asking for controls over the farmers of this country, to see to it that they do not continue to produce in the future as abundantly as they have in the past.

We certainly do not want that to happen, when we are using these surpluses to fight that very thing in other countries.

I am very glad to support the proposed legislation.

Mr. HOLLAND. Madam President, every other great nation with a large population has trouble producing sufficent food and raiment for its own people. There is no other nation comparable to ours in size which is not up against that problem right now.

We hear of famines in China. We know through friends that in India and Pakistan the people are in dire need of food. We know from what we read in the newspapers that one of the few things that are admitted as being a matter of trouble to the rulers in the Soviets is that they are having trouble in this field.

I am sure it is practically incomprehensible to most of the rest of the world that a nation of 180 million people, as we now have, is able to produce not only enough food for its own people, but have the highest standard of living in the world—probably too high a standard of living so far as the number of calories that are consumed are concerned—and at the same time have a great overabundance to pass on to the other free peoples of the earth.

I believe that is our principal ace in the hole, if I may use that term, in our dealings with the rest of the world right now.

While there may be some questioning and caviling about some of our other policies in other fields, no one questions the fact, and the whole world knows, that our American farmers are producing agricultural products in such great abundance that they are able to pass these great supplies to people who are less fortunate than ourselves. I call attention again to that fact, as has already been pointed out.

I wish to call attention to another point, and that is that practically every committee in the Senate now has something to do with matters which relate directly to our troublesome problem of foreign relations. When I first came to serve on the Committee on Agriculture and Forestry that was not the case. Later, after the adoption of the international world wheat program, and then through the passage of Public Law 480, and through the passage of special acts from time to time, such as the one under which we sent great quantities of grain to India, this committee has had more and more to do with foreign relations in vital fields.

The same can be said about the Committee on Commerce and various other committees. I believe it is a very wholesome thing that that is so, because if there ever was a time when Congress needed to become acquainted with foreign problems, international problems, and be a great influence in this field, that time is now.

I strongly support the proposed legislation. I hope it will be unanimously enacted and will again become an instrumentality for the showing of our power in a field where the rest of the world cannot compete with us at all.

Mr. HUMPHREY. Madam President, I fully support the extension of Public Law 480 through the additional authorization which is made possible by the bill before us, S. 1027, as reported by the Committee on Agriculture and Forestry.

The program of Public Law 480—and it ought to have a much more dynamic name—has done immeasurable good, not only for America, not only for our farmers, not only for our national prestige, not only for our national security, but, more significantly, for the people who have received the food under titles I, II, and III.

The bill is an extension of title I. It is a plan and a means of utilizing in a constructive manner the American agricultural production over and beyond what we need for our own domestic uses. It is a way of being able to sell these agricultural products in return for the currency of the purchasing nation. It is a way of being able to convert agricultural commodities into economic development in the recipient countries.

Recently, when the Soviet Union placed a man in orbit in a space capsule, and he orbited the earth two or three times and then was brought back to earth, everyone was startled, on the one hand; and on the other hand, there was a sense of admiration for the spectacular scientific accomplishment. But I remind Senators that while we are praising, or at least standing in awe of, some of the accomplishments of the Soviet Union in the field of science—and, indeed, in the area of naked military power—we might very well point out some of our own achievements.

Several times every year some Senators, including those who have addressed the Senate today, have stated that one of the great achievements of our Nation is the production of food and fiber. I do not know why it is that we are not able to project this remarkable accomplishment of the production of food and fiber in a more constructive and a more positive manner. Actually, the United States of America is one of the few nations of the world which produces an adequate supply of food and fiber for its own people and a sufficient quantity for a large number of other people.

I think America's farm production is a miracle. It is actually much more important right now than to put a man in outer space. To my way of thinking, the remarkable success story of America's agricultural production ought to be trumpeted throughout the world. Instead, almost every public official and large numbers of private citizens talk about the problem of agricultural surplus. Yet, if the so-called surplus, which is nothing more or less than a manifestation of America's productive efficiency, were called an abundance, we would be able, I think, to give a much better and truer picture of the real America.

Madam President, I hope the time will come when we will not have to rely upon the extent of our agricultural production for the oversea food program. It seems to me the time ought to be at hand now when we can project the production of food and fiber just as we do the instruments of defense or of a host of other commodities.

During World War II we had a War Food Administrator. Food was considered an essential part of our defense; and the War Food Administrator called upon the Department of Agriculture, which in turn called upon the Nation's farmers to produce the food which was necessary as a part of our great victory force in that war.

Today, we have a war going on; as a matter of fact, it is a war that we are not winning. It is a more sinister war and, in a sense, a crueler war and a war of greater proportions than World War II. It is a war only 90 miles from our shores—in Cuba; and there is a cold war in Latin America; and a war in Laos. Now we have a Food for Peace Administrator who is given the privilege, if we can call it that, of utilizing whatever food is left over.

Madam President, this is a foolish way to win a war. No wonder we are losing, as we are. We are losing because we are not trying; we are not utilizing the productive capacity and the raw materials and the processed material of which this country is capable. We are not trying to win. We have millions of unemployed; we have closed factories; we have mines that are not producing; we have workers who are without jobs; and we have the humiliating experience

in Cuba. We have farmers who are being paid not to produce, although there is great hunger in the world. We have $9 billion worth of food and fiber in storage, but we talk about that food and fiber as if they constitute a surplus of no real value—or, in other words, a real headache.

Madam President, I repeat that until the United States of America comes to grips with the vital need to utilize its agricultural abundance, it does not have the faintest chance of winning the cold war.

If we cannot find out how to use our food and fiber in a world in which there are so many who are naked and so many who are hungry, I do not know how we can expect to win the cold war in Cuba or in Latin America or in other parts of the world.

So, Madam President, I hope the programs which have been very ably referred to by a number of distinguished Members of the Senate will prevail. I hope we shall look upon them as essential elements of our victory program. I should like to have the Congress talk about victory, rather than defeat, and talk about the use of our food and fiber as a positive force for freedom, rather than as a problem in connection with the disposal of surpluses. I submit that until we think correctly and talk correctly about these problems, we shall experience the licking of our lives. Khrushchev now is winning the cold war—winning it going away; and I think it is time, here in America, where we are concerned with saving lives, not losing them, and inasmuch as we call upon our people to do what God wants them to do—in other words, to create, rather than destroy—that, as regards our food and fiber, we get to work to use them. If we do, they can be used for peace and freedom throughout the world.

I commend the committee for reporting this measure to the Senate. I hope the President of the United States will go much further. I believe we must do things which we never before dreamed of doing. Certainly we must have the vision to look farther ahead. If we do not, we shall be denied the opportunity to look anywhere except back, and to do so under orders from someone else.

Madam President, the hour is very late; and this food program can help make the future a happier one.

Mr. HUMPHREY subsequently said: Mr. President, earlier today I spoke on the bill before the Senate to extend Public Law 480 and to increase title I authority by $2 billion. I commented upon the food-for-peace program and the food-for-peace administrator, Mr. McGovern, and the work of the Secretary of Agriculture, Mr. Freeman.

I have before me an article from the Minneapolis Sunday Tribune of April 16 entitled "Administration Puts New Life in Food-for-Peace Plan," by Charles W. Bailey, which relates directly to the bill we had before us earlier today. I ask that at that point in the RECORD where the discussion took place on Calendar No. 148, S. 1027, the article entitled "Administration Puts New Life in Food-for-Peace Plan" be printed.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ADMINISTRATION PUTS NEW LIFE IN FOOD-FOR-PEACE PLAN

(By Charles W. Bailey)

WASHINGTON.—There is a new atmosphere in the Nation's food-for-peace program under the Kennedy administration.

It is this change in attitude, more than any increase in spending, which has so far made the new administration's plans for oversea food distribution sharply different from those of the Eisenhower administration.

It remains to be seen, of course, whether the change is a symptom of action yet to come. As is the case with many of the President's proposals, the hard tests of legislative approval and practical operation still lie ahead.

But even viewed only as a symptom, as an unfulfilled promise of what might be forthcoming, the contrast is marked.

Previously, the program was largely run by interagency committees. The stated emphasis was on "disposal" of "burdensome surplus." Proposals to include food not currently in Government stockpiles were consistently turned down. Bureaucratic disputes slowed program drafting and operations.

Now the program is directed by a single man, a Presidential appointee with offices in the White House and access to the Chief Executive. Emphasis is on making "maximum use" of the Nation's "agricultural abundance" to help feed hungry people everywhere.

New food items have been added even if they are not in surplus stocks.

The administration has asked Congress to extend the basic legal authority for the program—Public Law 480—for 5 years.

(Administration officials soon will announce plans to donate food to be used as wages for workers on roads, dams, and other development projects in six foreign countries, United Press International reported Saturday.

(George McGovern, food-for-peace director, also said a seventh food-wages project may be approved soon.

(Use of donated foods to pay wages on development projects began several years ago. McGovern said that 120,000 in Tunisia get part of their wages that way, and smaller projects are being conducted in Afghanistan and Korea.

(Projects are being planned in the new African states of Dahomey and Eritrea, and in Greece, Iran, Indonesia, and Morocco, UPI said. Another is under consideration for Nationalist China, McGovern said.)

A sharp increase in school lunch programs for hungry nations—with American powdered milk, flour, and other food as the raw material—is proposed.

The administration calls for establishment of food reserves in underdeveloped nations, with the recipient countries not required to pay until they actually draw on the supplies, to forestall famine and starvation.

Plans are underway to make much more use of voluntary charitable agencies—CARE, Church World Service, the Catholic Welfare organization—in distributing food abroad. They will get such nonsurplus foods as powdered milk and vegetable oil to improve the mix in their food packages.

These additional foods will be bought, and farmers will be encouraged by higher support-price rates to grow them, even though it may require additional spending—on the grounds that this small added cost can be much more than offset by savings in storage charges that will come from stepped-up shipments of wheat and other grains in Government bins.

Two of these proposals especially—the food-for-wages plan in economic development projects and the increase in school lunch programs—illustrate the philosophy which is guiding McGovern and his boss, President Kennedy.

"These are relatively small, in comparison with the value of other parts of the program, but they have tremendously worthwhile aspects," McGovern said. "You get a very broad impact with them."

In the past, school lunch programs have been set up in only three countries—Italy, Japan and Tunisia—and the practice has been to start them only on a phaseout basis under which the recipient nation had to agree to take them over in a relatively short time.

"But in areas of acute malnutrition," McGovern said, "we should consider setting up school lunch programs even though it will be a considerable period of time before the local government can take them over."

McGovern sees the school lunch problem as part of an overall educational problem in many poor nations. "In Latin America, many children only go to school for 3 years; many children do not go to school at all.

"We can get to the root of this problem by using our food to help build schools—to pay workers directly, or by selling it to the Government for local currency and then earmarking the proceeds for school building—and also by using food to supplement teachers' wages," McGovern said.

Thus, he said, "Our food in this program can reach into every facet of education" in many underdeveloped countries.

McGovern said negotiations are under way for projects in Dahomey, Eritrea and Morocco in Africa; Iran in the Middle East; Greece and Indonesia. Another such program is under consideration for Formosa.

The immediate problem for McGovern and his small staff is to get congressional approval for an extension of the program, which runs out December 31, 1961, and to get some extra money—they have asked for $2 billion—to keep the program running until that time.

Mr. HUMPHREY. Mr. President, I ask also that an article entitled "Farm Problem Due to High Efficiency," by J. A. Livingston, be printed at the same point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FARM PROBLEM DUE TO HIGH EFFICIENCY

(By J. A. Livingston)

During the great depression unemployed in cities went hungry while farmers, for warmth, burned corn that sold for less than the coal they didn't have the cash to buy.

National paradox: Poverty among plenty.

Today in the United States, we face a different paradox. Too much amid prosperity. Our poverty, our lack, is imagination.

We don't know how to use our agricultural riches. Plenty has become a burden. Farm efficiency has become a national headache. Agricultural achievement has turned into economic chaos.

American consumers pay a double price for foodstuffs. First, we pay for the price of the raw materials (corn, wheat, cotton, tobacco) that go into beef, pork, bread, clothing, cigarettes. Then we pay the taxes to support the prices paid farmers for (1) producing more than we know how to dispose of and (2) for not producing.

During the First and Second World Wars, the farmer was a hero. His productivity provided plenty of food at home with surpluses for aid to our allies.

But the wartime hero is the kept man in peacetime. He's subsidized to produce what we have too much of. So, despairingly, we put the surpluses in "the bank"—the Commodity Credit Corporation.

Today we carry over 2 billion bushels of corn, the equivalent of a year's crop of

30 years ago but now equal to only half a year's crop. Yield has increased from 23 bushels to 52 per acre.

The wheat carryover amounts to 1½ billion bushels. That's more than twice the harvest of the early 1930's and somewhat more than the 1960 harvest. Productivity has risen from 13 to more than 25 bushels an acre.

In cotton, the carryover is 6,750,000 bales, about half a year's crop. This is down from the record high of 14 million bales in 1956 because of high exports. But yield per acre has risen from less than 200 pounds to 450 pounds in 30 years.

"Our farmers," said President Kennedy in his farm message, "deserve praise, not condemnation; their efficiency should be a cause for gratification, not something for which they are penalized."

Yet we're all penalized by our inability to use this efficiency wisely. President Kennedy faces what his postwar predecessors, Eisenhower and Truman, were up against—the heritage of technological improvement on the farm. The more we come to the aid of the farmer, the more, it seems, we must compound difficulties.

The average farmer is not a rich man. But most operators today are reasonably successful businessmen. Since 1934, farm production has increased 115 percent, while the farm population has dropped 36 percent. About $36,000 is invested in the average farm.

And the prices at which farmers sell many crops are "administered"—fixed by the Secretary of Agriculture and Congress. That is why farm programs fail. It has been too profitable for farmers to produce. President Eisenhower "banked" the soil, and the farmers "banked" the crops—through intensive cultivation.

Now President Kennedy is trying something different—a compliance bank—in his feed grain program. The Government will still support prices. Corn, for example, can go into Government loan at $1.20 per bushel as against $1.06 formerly.

Only those farmers who reduce corn acreage by a minimum of 20 percent will be eligible for loans. Noncomplying corn farmers will have to take their chances on the open market. Complying farmers will be reimbursed in kind—in the corn equivalent of their acreage withdrawn from cultivation.

Consider a farmer who has 100 acres in crops, of which 60 have been in corn. Under the plan, he'd take 12 acres out of corn.

Now suppose he has been getting a yield of 50 bushels of corn per acre. For compliance, he'd get half the yield on the withdrawn acres—300 bushels in all. At the $1.20 support price, that's worth $360 in corn. He can feed this corn to cattle, take the money, or, if corn is above $1.20 a bushel, sell it.

But once he agrees to the program he ties up his entire acreage. He can't take the 12 acres used for corn and put it in pasture or hay or some other crop. He's limited to cultivating 88 acres.

This was frankly an emergency program—to get ahead of spring planting. But its purpose was to stop the out-of-one-crop-into-another dodge—to penalize noncompliers and thus limit output.

If it works, it will influence the President's general farm program. In theory, the subsidy will come from the CCC stocks, not from new Federal appropriations.

In practice, all depends on how much additional efficiency farmers build into the land. They'll have a fixed price for corn on most acreage.

The more they produce the more they'll earn and the more we—you and I, the consumer-taxpayer—will have to buy at the $1.20 support price and put in storage.

Mr. HUMPHREY. Mr. President, the article by Mr. Livingston, a noted economist and a writer on business and economic problems, points out that American agriculture has become extraordinarily efficient, and that this efficiency has produced an abundance. The so-called problem of agriculture, as a result of abundance, is due to the technological and the managerial efficiency of our farmers. It is often said in advertising that no other product can make that claim or no other person can make that statement. I wish to say that while Mr. Khrushchev can make many statements about putting a man and dogs in orbit in outer space, missiles and rockets, he cannot make the statement that his farms are so efficient that they produce a problem of production.

The problem in the Soviet Union is the problem of inefficiency. It was to that particular thought that I was directing my comments earlier today, to the miracle of American agriculture. I hope the officers of the U.S. Information Agency will take a look at what we had to say about agriculture, and perhaps some time between now and the not too distant future someone will tell the world that we have done fairly well in America.

I believe we need a good headline some place throughout the globe, and it seems to me that one of the headlines that we might offer to the world is our willingness to share with humanity, a very suffering humanity, the abundance of our factories, the abundance of our farms, the fruits of our soil, and the product of the skill of our labor. That is the kind of story it would do well for us to tell.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1027) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years."

ADDRESS BY SENATOR ANDERSON BEFORE NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS

Mr. KEFAUVER. Madam President, I ask unanimous consent to have printed in the body of the RECORD an excellent address delivered by the distinguished Senator from New Mexico [Mr. ANDERSON] before the National Association of Surety Bond Producers, at San Francisco, Calif., on April 10, 1961.

The Senate Antitrust and Monopoly Subcommittee has for the past several years been conducting a general study of the insurance industry, to determine whether the mandate of the McCarran-Ferguson Act of 1945, for regulation of insurance by the States, has been carried out in the most effective manner. Until his retirement, Senator O'Mahoney was in charge of this investigation for the subcommittee.

Because of his great knowledge of the insurance industry and his prominence in this field, Senator ANDERSON was asked to discuss some of the important insurance problems with which this subcommittee has been dealing during the past several years. For over 35 years Senator ANDERSON has operated an insurance agency in Albuquerque, N. Mex.; and he has acquired an outstanding reputation throughout the Nation. The tradition he established is being ably carried out by his son, who now has assumed management of this agency.

Because of his long interest in and his broad knowledge of the insurance industry, Senator ANDERSON'S views command great attention and respect. I am greatly impressed with the fact that in the speech Senator ANDERSON has properly assessed the relationship between the Federal and State Governments in the regulation of insurance, and has presented the matter in its proper perspective. This address deserves to be read not only by the Members of Congress, but also by all the public interested in the welfare of the great insurance industry.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR ANDERSON AT THE ANNUAL MEETING OF THE NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS—ST. FRANCIS HOTEL, SAN FRANCISCO, CALIF., APRIL 10, 1961

I was delighted to accept the invitation to be with you this morning, tendered through my friend and close associate of over 30 years, Tom McCaffrey.

For some time now, considerable attention has been focused on the rate of economic growth of the United States. While there may not be unanimity over just where the rate of expansion should be to keep us sound and secure, there is agreement that our goal is a vigorous American economy.

This whole question is of vital concern to you because the surety bond business is closely linked with the general pace of economic growth and intimately tied to the construction industry. The multibillion-dollar highway-building program launched in 1956, for example, is of major interest to you—and Congress is casting a reappraising eye on the financing of the interstate program to keep it moving on a fiscally sound roadbed. School and residential construction are also prominently involved with surety.

In talking about the bonding business, I am speaking about a highly specialized segment of the large and prospering insurance field. But your corner of the industry has been growing too: Total surety bond premiums amounted to $111,870,000 in 1950; but by 1959, premiums had reached the neighborhood of $184,800,000. This audience has accounted for a good part of that production.

Suretyship predates most of you by at least a few years. Tablets dating from the year 2750 B.C. indicating a record of con-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

Issued April 27, 1961
For actions of April 26, 1961
87th-1st, No. 70

CONTENTS

HIGHLIGHTS: House passed bill to provide additional authorization for Public Law 480. House agreed to conference report on depressed areas bill. House committee voted to report bill to increase per diem travel rates. House committee reported Delaware River Basin Compact bill.

HOUSE

1. SURPLUS COMMODITIES; FOREIGN TRADE. Passed without amendment S. 1027, to amend Public Law 480 so as to provide an additional authorization of $2 billion during 1961 under title I for sales of surplus commodities for foreign currencies. This bill will now be sent to the President. p. 6322

   Passed earlier without amendment a similar bill, H. R. 4728, which was tabled (pp. 6308-22). Rejected an amendment by Rep. Hoeven to reduce the authorization from $2 billion to $1.1 billion (pp. 6319-21). Rejected an amendment by Rep. Kyl providing that "Notwithstanding any other provisions of law any country programs under development resulting from country requests shall henceforth be reviewed and approved by the Committee on Agriculture of the House of Representatives and the Committee on Agriculture and Forestry of the Senate before being concluded " (pp. 6321-2).

2. DEPRESSED AREAS. By a vote of 233 to 193, agreed to the conference report on this bill S. 1, the depressed areas bill. This bill will now be sent to the President. See Digest 67 for items of interest. pp. 6292-6308

3. DELAWARE RIVER BASIN COMPACT. The Judiciary Committee reported without amendment H. J. Res. 225, to grant the consent of Congress to the Delaware River Basin Compact and to enter into such compact on behalf of the U. S. (H. Rept. 310). p. 6329

4. PERSONNEL. The Government Operations Committee voted to report (but did not actually report) with amendment H. R. 3279, to increase the maximum rates of per diem allowance for employees of the Government travelling on official business. p. D283

5. FOREIGN AID. Rep. Dent inserted his statement before the Rules Committee in support of H. Res. 152, creating a select committee to conduct an investigation and study of the cost of foreign aid. pp. 6327-8

6. EDUCATION. Received from the President a proposed bill to "Extend and improve the National Defense Education Act;" to Education and Labor Committee. p.6329

7. RESEARCH. Received from GSA a letter relative to contracts negotiated for experimental, developmental, or research work, or for the manufacture or furnishing of property for same, during the 6-month period ending December 31, 1960. p. 6329

ITEMS IN APPENDIX

8. FOREIGN AID; APPROPRIATIONS. Speeches in the House by Reps. Hosmer and Wilson, Ind., during debate on the bill making appropriations for the Inter-American social and economic cooperation program. pp. A2837-9, A2854-5
Extension of remarks of Rep. Ellsworth inserting an article supporting aid to Latin America. pp. A2858-9

9. WATER RESOURCES. Extension of remarks of Rep. Albert commending Sen. Kerr as a "powerful champion of the conservation and development of our Nation's natural resources," and inserting Sen. Kerr's speech, "Water Needs of the Nation from 1980 to 2000." pp. A2843-5

10. FARM LABOR. Rep. Rogers inserted an article discussing the education of children of migratory farm workers and stated that it shows "the progress being made in Florida to solve problems relating to migrant farm labor which were left out of the television presentation 'Harvest of Shame.'" pp. A2847-8
Rep. Gubser inserted an article, "Bracero Program Defended," defending the practice of employing Mexican farm workers by domestic farm operators. p. A2854

11. BUDGETING; APPROPRIATIONS. Rep. Goodell inserted a speech by Sen. Keating favoring item veto authority for the President, establishment of a Joint Committee on the Budget, and a special session of Congress each year to consider appropriation measures. pp. A2853

12. EDUCATION EXCHANGE. Rep. Chamberlain inserted an editorial commending the international education exchange program. p. A2859

13. PEACE CORPS. Rep. Reuss inserted two articles commending the establishment of a Peace Corps. pp. A2861, A2867-8

14. FOREIGN TRADE. Extension of remarks of Rep. Shipley urging greater restrictions on the importation of articles injurious to U. S. industries. pp. A2862-3

BILLS INTRODUCED

15. RESEARCH. H. R. 6661, by Rep. Albert, to assist the States to provide additional facilities for research at the State agricultural experiment stations; to Agriculture Committee.

16. LANDS. H. R. 6678, by Rep. Aspinall, to authorize an exchange of lands at Wupatki National Monument, Ariz., to provide access to certain ruins in the

(For conference report and statement see proceedings of the House of April 26, 1961.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

(Mr. MILLS asked and was given permission to extend his remarks at this point in the RECORD, in explanation of the conference report.)

Mr. MILLS. Mr. Speaker, the other body accepted the basic framework of the bill H. R. 4884 as passed by the House. It will be recalled that the basic purpose of this legislation is to permit the States for a temporary period to assist children who are in need because their parent is unemployed. As I explained to the House when this bill was considered, the Federal Government now participates financially with the States in assisting needy children who are in need because of the death, absence, or incapacity of a parent. The bill would add, for a temporary period, provision for Federal participation in a fourth type of situation—namely, where children are in need because of the fact that the parent is unemployed. The basic provisions, such as the formula which determines the amount of Federal participation, the conditions of Federal participation, and so on, of present law would apply to these proposed changes relating to aid to dependent children of unemployed parents.

1. EFFECTIVE DATES

The House-passed bill would have been effective for the period beginning April 1, 1961, and ending at the close of June 30, 1962. Due to the passage of time, it was necessary for the other body to change the beginning date from April 1 to May 1, 1961, and the House conferees concurred in this amendment. This means that the provisions of the bill relating to dependent children of unemployed parents will be effective for a 14-month period instead of a 15-month period as passed by the House.

2. RETRAINING AND VOCATIONAL EDUCATION REQUIREMENT

The House bill required that a State include in its plan, in order to be entitled for Federal funds for this temporary period, a provision calling for cooperative arrangements with State vocational education agencies. We provided this in order to enable unemployed parents to become self-supporting as soon as possible in those cases where the type of work which they had engaged in previously is no longer available in their community. The other body deleted this provision. In conference, the House conferees prevailed and it was restored.

3. OPTIONAL EXCLUSION BY A STATE OF CHILDREN IN FAMILIES RECEIVING UNEMPLOYMENT COMPENSATION

The other body added a provision giving an option to the States to exclude aid to a child or relative in any month where the unemployed parent of such a child was receiving unemployment compensation. The House conferees agreed to this amendment. It is to be noted that this is not a mandatory requirement, but simply is optional with the States.

4. FEDERAL PAYMENTS FOR FOSTER CARE OF DEPENDENT CHILDREN

The other body added an amendment providing for temporary—through June 30, 1962—payments on behalf of children in foster family homes providing foster care for children. It was felt that in some cases dependent children receiving assistance now are sometimes in home environments that are contrary to the best interest of the children. The amendment requires that a court of competent jurisdiction must find that the particular child or children are not receiving proper care and protection in their own homes. Responsibility is given to the appropriate State agency to place these children in foster family homes. Assistance is provided in such cases only where the child was eligible for aid to dependent children originally in his own home and received aid in the month in which the court proceedings resulting in his removal were initiated. The provision is applicable only to children who are removed from their homes on or after May 1, 1961. The House conferees accepted this amendment. It is estimated that this amendment will cost between $3 and $4 million. Although this amendment is only effective through June 30, 1962, it applies to needy dependent children whether the parent is dead, absent, incapacitated or unemployed.

5. TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

In 1956, the Congress authorized through June 30, 1962, special grants for the training of public welfare personnel. The Federal share under existing law is 80 percent of the cost of such training. The other body added an amendment extending for 1 year, through June 30, 1963, the period during which appropriations may be made for this purpose, and increasing the authorized Federal share of State expenditures from 80 to 100 percent. The House conferees accepted this amendment.

6. CHILDREN IN UNSUITABLE HOMES

On January 17, 1961, the Department of Health, Education, and Welfare advised State agencies administering Aid to Dependent Children that after June 30, 1961, Federal grants would not be available to a State which terminates assistance to children in a home determined to be unsuitable unless the State makes other provision for the children affected. The other body added an amendment which in effect provided that Federal payments were not to be withheld because of conditions in the home in which a child resides before the 61st day following the day on which the next regular session of a State's legislature ends. The conferees agreed to the principle of not withholding payments from a State contained in this amendment of the other body. However, it was rewritten to provide that there is to be no withholding of any payment to which a State is otherwise entitled under the aid to dependent children provisions of the Social Security Act for any period prior to September 1, 1962, by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan with respect to a child because of conditions in the home in which the child resides. Under this agreement, there is provided a period of time—up to September 1, 1962—in which further study can be given to this problem and the Secretary of Health, Education, and Welfare can cooperate with the States in working out a solution to it.

7. CHANGE IN THE NAME OF TITLE IV OF THE SOCIAL SECURITY ACT

The other body changed the name of title IV from "Aid to Dependent Children" to "Aid to Families With Dependent Children". The Senate receded from this amendment.

8. INCREASE IN FEDERAL PARTICIPATION IN MEDICAL CARE FOR OLD-AGE ASSISTANCE RECIPIENTS

It will be recalled that last year the Congress authorized Federal participation up to $12 in medical care expenditures in behalf of recipients of old-age assistance over and above the general formula for participation in old-age assistance payments. The other body increased the maximum from $12 to $15 with respect to which there is to be Federal participation in medical care expenditures in behalf of old-age assistance recipients. The House concurred in this amendment.

9. CEILING ON PUBLIC ASSISTANCE GRANTS TO PUERTO RICO

The present overall ceiling on public assistance grants to Puerto Rico is $9 million. The House bill temporarily increased this ceiling, for the period of the effectiveness of this bill, by $75,000 for fiscal year 1961 and by $300,000 for fiscal year 1962. This was done because Puerto Rico is now fully utilizing its ceiling amount, unlike the case of other jurisdictions with ceilings on their grants. In order to permit Puerto Rico to take advantage of the increased amount made available for medical care for old-age assistance recipients, the other body increased the ceiling by $75,000 for fiscal year 1961 and by $425,000 for fiscal year 1962. For fiscal years ending after June 30, 1962, the ceiling would be $9,125,000. Comparable changes were made with respect to the Virgin Islands and Guam, in relation to the medical-care amendment. The House conferees accepted this amendment.

10. REIMBURSEMENT OF A STATE FOR SALARIES AND OTHER EXPENSES OF EMPLOYEES TEMPORARILY ASSIGNED OR DETAILED TO ADMINISTER THE FEDERAL EMPLOYMENT SECURITY PROGRAM

The other body added an amendment which would permit reimbursement to a State out of the Employment Security Administration account for salaries and other expenses of State employees who are temporarily assigned or detailed to duty with the Department of Labor to help in the performance of its functions under specified provisions of law. The House conferees accepted this amendment.

11. NUMBER OF PERSONS AFFECTED AND COST UNDER THE CONFERENCE REPORT

It will be recalled that it was estimated that if all States fully utilized the provisions of the House bill, the cost to

the Federal Government would be $305 million, with 1,126,000 persons affected including over 750,000 children. However, as pointed out in our report on this bill and as I stated on the floor, it was not expected that there would be maximum utilization of the provisions of this bill, and, therefore, the cost would be less than this amount. The cost under the conference version of this bill is estimated to be about $215 million. This is on the basis that about half of the States will participate and that the States which do will have about two-thirds of the needy children covered by the conference version of the bill.

Of this amount, $200 million is estimated to be the cost of adding unemployed parents as an eligible category.

The cost of the increase is estimated to be $10 million, in the maximum, for medical care for old-age assistance recipients, and $3 to $4 million is estimated to be the cost of the provision relating to foster family homes. The other provisions of the bill all together are estimated to cost about $1 million.

(Mr. MASON asked and was given permission to extend his remarks at this point in the RECORD in explanation of the conference report.)

Mr. MASON. Mr. Speaker, the House conferees have brought to the House what I will term a good conference report on a bad bill.

The conference report is good in that it provides some needed improvements with regard to the existing aid to dependent children, title IV of the Social Security Act.

The bill is bad because what is purportedly a temporary program will inevitably become a permanent program costing several hundred million dollars annually to make Federal funds available for something now cared for by State and local governments so that the effect of the bill will largely be to increase Federal funds and to reduce State and local funds used for child assistance.

The Senate amendments that are approved by the House conferees include: First, a change in the House effective date from April 1, 1961, to May 1, 1961; second, a provision permitting a State to deny aid under the bill if a parent receives unemployment compensation; third, the authorization of availability of Federal funds with respect to children placed in foster-family homes pursuant to a judicial determination; fourth, a change in the 80 percent limitation to 100 percent for Federal funds on costs incurred in training of public welfare personnel; fifth, an increase in Federal matching for medical care expenditures for old-age assistance recipients; sixth, an adjustment and broadening of the House provisions pertaining to ceilings on grants made to certain possessions of the United States; and seventh, a provision allowing the reimbursement of States for costs incurred with respect to State employees on temporary assignment with the Department of Labor of the Federal Government.

Another Senate amendment that was accepted by the House but with significant amendment pertained to the denial of Federal aid to any State having a plan requiring for withholding payments with respect to a child because of conditions in the home. The House receded with an amendment providing that no denial of Federal aid to a State occur for this cause for any period prior to September 1, 1962. This House amendment will have the effect of allowing the Secretary of Health, Education, and Welfare to make a study of the problem involved.

Mr. Speaker, I am opposed to the bill but I commend my House colleagues who served with me as conferees for the work they did in conference.

CORRECTION OF ROLLCALL

Mr. FINDLEY. Mr. Speaker, on rollcall No. 41, a quorum call, I am recorded as "absent." I was present and answered to my name. I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AUTHORIZATION FOR SALE OF AGRICULTURAL COMMODITIES

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 262 and ask for its immediate consideration.

Resolved, That upon the adoption of this resoltuion it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MADDEN. Mr. Speaker, House Resolution 262 provides for the consideration of H.R. 4728, a bill to amend title I of the Agricultural Trade Development and Assistance Act of 1954. The resolution provides for an open rule, waiving points of order, with 2 hours of general debate.

The purpose of H.R. 4728 is to authorize the President to enter into agreements during the 1961 calendar year calling for the sale of an additional $2 billion of agricultural commodities under the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480.

The most recent extension of Public Law 480 was Public Law 86-341, enacted September 21, 1959, which extended the act from December 31, 1959, to December 31, 1961, and authorized the President to enter into agreements during each of the calendar years 1960 and 1961 at the rate of $1.5 billion per year, plus any unused authorization from the previous year.

In May 1960, however, President Eisenhower entered into an agreement with India which committed to this one country $2.2 billion—more than two-thirds—of the total authorization for title I for the calendar years 1960 and 1961. This is the basic reason why this bill is necessary—to restore the authorization for these 2 calendar years back to the point where it would be except for the Indian agreement.

Because the total amount of the Indian agreement exceeded the available authorization for the calendar year 1960, only the first-year portion of the agreement, amounting to about $530 million, was implemented at that time. The other 3-year portion of the agreement was formalized in January 1961, using up almost $1.6 billion of the President's authority to enter into such agreements in this current calendar year, and leaving a balance—due to carryover from 1960—of about $250 million.

Other agreements signed this calendar year have not taken up virtually all of the 1961 authorization, so that operations under title I will be brought to a halt unless this additional authorization is provided.

Mr. Speaker, I urge the adoption of House Resolution 262.

Mr. SMITH of California. Mr. Speaker, I yield myself 10 minutes.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, my understanding of the rule is the same as the explanation given by the gentleman from Indiana [Mr. MADDEN]. It calls for 2 hours general debate, all points of order are waived, and under the 5-minute rule all amendments will be in order.

As I understand the bill H.R. 4728, when it was originally established back in 1954, this particular program was known as the Agricultural Trade Development and Assistance Act. It started in 1954. and its purpose at that particular time was to dispose of our farm surpluses in an orderly and constructive manner. None of us can find objection to the purposes for which this act was started in 1954 because at that particular time we had many billions of dollars in farm surpluses, and it was our desire and hope that we could dispose of a number of these surpluses, and at the same time provide food for many of the needy countries that were in need of food at that particular time.

However, after this program has been continued for these many years, and I believe about $11.4 billion have been expended on it, we still find that we have some $9 billion in farm surpluses at the present time.

The testimony, as I understood it before the Rules Committee, was that this bill instead of now being a program to dispose of our farm surpluses in an orderly and constructive manner, has more or less turned into a world welfare program from a feeding standpoint. I cite

the testimony that about 74 percent of the particular amount that was appropriated 2 years ago, as the gentleman from Indiana mentioned, has gone to three countries; namely, India, Poland, and Pakistan.

It is very true that the last administration entered into certain agreements after we extended the act 2 years ago providing $1½ billion for each of the years 1960 and 1961. Certain agreements were made by the previous administration last May. They have been added to in January of this year. The fund is now down to about $250 million, and additional funds must be obtained, according to the proponents of the bill, to carry on through the balance of this particular year. This program calls for an additional $2 billion at this particular time.

As I understand the facts, there are about $2.2 billion that has gone to India. I mention India because I do think we should give this some consideration in view of the fact that we find the Premier of India has criticized the United States so far as Cuba is concerned, while at the same time he has failed to criticize Russia when it took Hungary. Yet we have about $2.2 billion in these commodities that have gone to the country of India.

Some of these other countries included in this program are Greece, Israel, India, Uruguay, Pakistan, China—that is Taiwan—Poland, Peru, Vietnam, Finland, United Arab Republic, Iceland, Chile, Yugoslavia, Spain, Iran, Korea, Ecuador, Ceylon, France, Indonesia, Brazil, Turkey, and Bolivia.

This covers quite a bit of territory.

Very few dollars of this program ever get back into the United States.

As I understand the program further, when it was started we considered various parts of it and purposes, such as grants, loans, sale, and barter. There is testimony from the chairman of the Committee on Agriculture, that he has long been strongly in favor of the barter program so that we in turn could barter our excess commodities and get sugar, tin, or other commodities that we might need.

But, as a matter of fact, apparently the State Department has taken over this program rather than the Department of Agriculture, and they direct how it shall operate. The barter is down now around $125 million or $135 million per year, which, from my standpoint, is the most important part of this particular bill. The bill calls for $2 billion. There will be an amendment offered by the gentleman from Iowa [Mr. HOEVEN], the ranking minority member of the Committee on Agriculture, which calls for $1.1 billion. In other words, the minority object to the $2 billion and feel that the $1.1 billion constitutes ample funds with which to carry on this program.

I call this to your further attention, that the program does expire on December 31 of this year. Consequently, hearings will have to be held shortly by the Committee on Agriculture to determine whether or not the program will be extended. I have little doubt in my mind but that it will be extended. If so, I hope that the committee will look into it from the standpoint of whether or not the Committee on Agriculture is going to continue this program with a view of disposing of these products in an orderly manner or whether they are going to continue the program through the State Department and operate it as a worldwide welfare program.

I commend the proposed amendment for your consideration. I shall certainly support it. I think this will give them ample funds. As we continue to study the program and then come on with legislation to continue it, which I think the committee will do, if more funds are needed, requests can be considered at that time.

Mr. MADDEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Rhode Island [Mr. ST. GERMAIN].

Mr. ST. GERMAIN. Mr. Speaker, it is with profound regret that I join with my colleague, from Rhode Island, JOHN FOGARTY, in announcing the death of the beloved president of Providence College, and my fellow alumnus, the Very Reverend Robert J. Slavin, of the Order of the Preachers.

A saintly and scholarly man, Father Slavin was born 54 years ago, in Dorchester, Mass. His early desire to follow a calling to the priesthood was evidenced by his devout service as an altar boy in his parish church. Even as a young child, all his actions were directed to the service of God, and his fellow men. He was loved and admired by all who knew him, and these sentiments have been shared by all those with whom he came into contact over the years.

After graduating from Boston College High School, he entered Providence College, where he began his long years of study for the Dominican priesthood. He subsequently studied at St. Rose Priory, Springfield, Ky., St. Thomas Aquinas College, River Forest, Ill., Immaculate Conception College, Washington, D.C., and was ordained to the priesthood in 1934. He received a master of arts degree from the Catholic University of America that same year, and in 1935 he was awarded his licentiate in sacred theology. In 1936 he was granted the degree of doctor of philosophy by the Catholic University.

He served as professor of philosophy at the DePaul University, Chicago, Ill., and following this he held a similar position at the Catholic University of America. He became president of Providence College in May 1947 and continued in that office until his death 2 days ago. Father Slavin was the recipient of honorary degrees from Brown University, Bryant College, Rhode Island College, Rhode Island College of Pharmacy and Allied Sciences, the University of Rhode Island, and St. John's College, Brooklyn, N.Y. He was an officer and member of numerous educational organizations, holding membership on the executive committee of the American Council on Education, and the advisory committee to the Surgeon General of the United States on medical education.

Father Slavin is mourned not only by the faculty, students, and the alumni of Providence College, but by all the people of Rhode Island, who have benefited in no small measure from his wisdom, scholarship, and goodness. The loss to his college and our State is irreparable. The great void left by his death touches the life of every man, woman, and child in Rhode Island. His contributions to the educational, civic, and religious life of our community are so great that he will be long remembered as one of the outstanding public benefactors in the history of Rhode Island.

To his grieving father, brother, sisters, and fellow Dominican priests, we offer our most sincere sympathy. In contemplating the life and labors of the late Very Reverend Father Slavin, one cannot help but receive inspiration and courage. May Almighty God grant him the rich eternal reward he has so justly merited.

Mr. SMITH of California. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. AVERY].

Mr. AVERY. Mr. Speaker, it may come as some surprise that any Member from Kansas would take the floor to even make any adverse comment about Public Law 480. Kansas has benefited probably more under this law than any other State. Nevertheless, there is a related problem to Public Law 480, and I would feel less than responsible if I did not point out the several aspects of this to the House here this afternoon. This problem deals with the balance of payments.

On February 8, in the President's message to the Congress on the balance-of-payments problems, the President said this:

> Our agricultural industry which is of unparalleled efficiency must make its full contribution to our payments balance.

Now from that statement, taken in context or out of context, I could not figure out just what it meant. Conceivably it could have meant that this administration was no longer going to support Public Law 480 because it had determined that it had an adverse or undesirable effect on our balance-of-payments problems that were so dramatically emphasized toward the end of calendar year 1960 and in the early months of 1961. Because of the apprehension that arose in my mind by reason of that statement as it presented itself, I wrote to the Secretary of Agriculture and asked Mr. Freeman what that statement meant and further what the position, if any, was that this administration was going to take on Public Law 480. Apparently Mr. Freeman was not sure what the statement meant, either, because over 2 weeks elapsed before I had an acknowledgment to my letter.

His reply in effect says, Yes, this administration does believe in the principle of Public Law 480, and will ask for its extension.

Mr. Speaker, when the distinguished gentleman from North Carolina [Mr. COOLEY] was before the Committee on Rules I asked several questions as to the effect of the operation of Public Law 480 on the balance-of-payments problem. Of course, to me, representing an agricultural area, the easy position to take

is that it should not make any difference, that we should proceed to dispose of all the commodities possible regardless of the effect on the Treasury. I asked the distinguished gentleman from North Carolina if he could arrange with the Department of Agriculture officials responsible for the administration of this program to get some figures to be presented to us so we might know a little bit more what was the final bookkeeping result of something like 8 years of operation of this act. Without belaboring you with a tremendous number of figures let me say this. This is a big program. Over $13 billion worth of taxpayers' money has gone into this program. Commodities to that amount have been distributed overseas and probably very little of that money is going to be recaptured for the benefit of the Treasury or for any of the agencies of this Government—at least proportionately very little.

Please understand, I am not saying, none, because some of it, of course, has been recovered or will be utilized in lieu of other American dollars.

Mr. Speaker, the various titles in this bill I think are interesting. Title I has been discussed by our colleague from California [Mr. SMITH] and I am sure will be discussed later in some detail by members of the legislative Committee on Agriculture. Title I is the biggest title in the bill. We have authorized already the spending of over $9 billion in this particular area. Of the $9 billion approximately $6 billion has already been committed or contracted for and has actually moved into commerce or to the point of receipt. From this sale there exists at this time about $2¼ billion of unused foreign currency. That much is unused. And how much have we used? We have used about that same amount, or $1,715,900,000. So you can figure, roughly speaking, that we have utilized about $2 billion, there is slightly more on deposit available for future use of the country.

I might add further that because of an amendment that the gentleman from North Carolina [Mr. COOLEY], the chairman of the Committee on Agriculture, insisted be added to Public Law 480, I think in 1958, there is about $35 million available on a loan basis to American industry for foreign investment that would not otherwise have been available.

Title II has to do with gifts. That should be distinguished from a subsection of title III. Title II gifts include government-to-government, and under this particular title about three quarters of a billion dollars has been given outright to other governments.

Title III is very interesting and goes to the barter provision and also gifts to benevolent organizations. I think the House might be interested to know that $1.5 billion worth of commodities have been given by Commodity Credit to benevolent organizations. The principal ones are as follows: The Catholic War Relief Services, the Church World Service—that is the Episcopalian benevolent service organization—the Lutheran World Relief Society; CARE, which is, I understand, an associated group of benevolent and religious organizations for the distribution of surplus products to foreign nations. There is also a Jewish organization called Hadassah for the distribution of food.

Not only have the commodities been given but the U.S. Government has also paid the cost of transportation of these commodities. You will recall there was in an earlier extension of the act an amendment added to the bill that the shipping must be carried in what we call American bottoms, that is, these commodities must be shipped in vessels operated by American lines. I might add parenthetically for those of you who represent coastal areas that there is a subsidy in this bill for your economic interest group, because that transportation cost is about twice what it could be competitively if the goods were shipped in vessels under the flag of other nations. So this is not all a subsidy to the American farmer.

The other part of title III I mentioned previously, that is, the barter provision. I think the record should be abundantly clear that the House would insist that this particular authority or title be given higher priority by the Department of Agriculture. Again quoting from the distinguished gentleman from North Carolina, he said that the Department did not want to barter, they did not want to trade. They want to make grants or take soft currencies under title I we cannot use, but they are reluctant to enter into this barter arrangement. That certainly I cannot understand. I am sure the House would agree with me that more effort should be made to utilize the authority in Public 480, the barter provision, rather than through the soft currency and the gift authority. Under the barter provision there is no adverse effect on our balance of payments.

This bill should pass, but I think it is important that we look at it in perspective not only to see what it does to the Treasury but also to note the possible adverse effect it has on our balance of payments, and to further admonish the Department to increase the utilization of title III.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 4728, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, in presenting this bill to the House I want to say I take great pride that I have participated in the preparation and passage of all bills through which we have provided programs for the disposition of our great agricultural abundance.

Some people regard our agricultural abundance as some sort of a curse or a burden. Actually, I consider it a blessing and a challenge. This abundance is a challenge to us. It is a clear indication that we have failed in the past very miserably to master the arts of distribution.

Through all the years our mothers and fathers have prayed that a merciful Lord would make our fields to flourish and our people to prosper. That is exactly what has happened here in this great Republic of ours. Our fields have flourished and our people have prospered. We have mastered the arts and techniques of production.

Our farmers have performed magnificently both in times of peace and in times of war. Notwithstanding the fact they have made our fields flourish and our peoples prosper, somehow men in just about all walks of life point the finger of scorn at the farmer and hold him up to ridicule throughout the length and breadth of this great country and even throughout the world. We have tried in the Committee on Agriculture, and when I say we have tried, I mean the members of both major parties have tried, working faithfully and diligently together to provide some techniques of distribution. We have granted to the Secretary of Agriculture just about every power and authority that has been requested. The outgoing Secretary of Agriculture had more money and more manpower and more commissions and more committees than any of his predecessors, and in an effort to do a good job, but the fact remains that he spent more money than all of his predecessors put together. Notwithstanding that fact, we still have an abundance of gigantic proportions, an abundance which we have tried to share with the less fortunate peoples of the world. We have given to the Secretary of Agriculture the right to sell these commodities for dollars. We have given him the right to sell these commodities for foreign currency. We have given him a right to barter these commodities for strategic materials needed in our own economy and, yes, we have given him the right to grant and to give away the vital food and fibers we now have in storage wherever a need can be shown anywhere on this earth.

It is unfortunate that we have been unable to dispose of the great abundance we have harvested. Unfortunately, our problem of abundance has been aggravated with the harvesting of every crop. Now we find ourselves with about $3.5 billion invested in wheat alone, about $2.5 billion invested in corn and, probably, $1½ billion or $2 billion in cotton, a total investment in surplus commodities of approximatey $9 billion. Commodities which we have been unable to sell or to barter away or to even give away. We have granted the Secretary the right to make these commodities available to needy people here at home—to the people in our orphanages, in our

schools, and in our charitable and eleemosynary institutions. We have tried to put food into the hungry mouths of Americans, and we have made these commodities available to people around the globe and, yet, we find we are still faced with a problem of abundance.

Mr. Chairman, I will insert in the RECORD a list of the names of the countries, which have participated in this very magnanimous program during 1960 and thus far in 1961. I do not think we would have had this program but for the fact that we did have an abundance of food and fiber. I do not think we were prompted entirely by motives of generosity. This program started out to be a surplus disposal program—an international trade program—a program through which we thought we would be able to expand our foreign markets.

USE OF TITLE I, PUBLIC LAW 480 AUTHORIZATION, CALENDAR YEARS 1960 AND 1961

[Authorization of $1.5 billion plus carryover from previous year available each of these 2 years]

Calendar year 1960

	Millions
Carryover	$555
New authorization	1,500
Total available	2,055

Country	Date signed	Estimated CCC cost including ocean transportation
		Thousands
Greece	Jan. 7, 1960	$6,511
Israel	do	39,424
India (supplement)	Jan. 8, 1960	52,367
Uruguay (supplement)	Jan. 13, 1960	5,989
Pakistan (supplement)	Jan. 28, 1960	38,650
China (Taiwan) (supplement)	Feb. 11, 1960	9,697
Poland (supplement)	do	68,658
Peru	Feb. 12, 1960	17,543
Vietnam (supplement)	Feb. 13, 1960	2,059
India (supplement)	Mar. 21, 1960	12,615
Finland	Mar. 23, 1960	5,311
United Arab Republic (Egypt) (supplement)	Mar. 26, 1960	14,781
Iceland	Apr. 6, 1960	2,404
Pakistan (supplement)	Apr. 11, 1960	16,326
Pakistan	do	115,033
India [1]	May 4, 1960	529,750
Finland (supplement)	May 6, 1960	100
Pakistan (supplement)	May 27, 1960	700
Chile	June 2, 1960	4,207
Yugoslavia	June 3, 1960	26,040
Spain	June 22, 1960	71,637
Israel (supplement)	June 30, 1960	7,558
Vietnam (supplement)	do	1,248
Poland	July 21, 1960	183,581
Iran	July 26, 1960	12,488
India (supplement)	July 29, 1960	68,000
United Arab Republic (Egypt)	Aug. 1, 1960	88,176
United Arab Republic (Syria)	Aug. 9, 1960	26,377
Chile (amendment)	Aug. 12, 1960	350
China (Taiwan)	Aug. 30, 1960	20,585
Korea (supplement)	Sept. 16, 1960	810
United Arab Republic (Syria) (amendment)	Sept. 17, 1960	1,618
Pakistan (supplement)	Sept. 23, 1960	15,966
India (supplement)	do	17,151
Iran (supplement)	Sept. 26, 1960	16,834
Ecuador	Sept. 27, 1960	1,000
Ceylon	Sept. 30, 1960	7,200
Uruguay (supplement)	Oct. 14, 1960	3,294
Iran (supplement)	Oct. 20, 1960	1,217
Vietnam	Oct. 28, 1960	11,223
France	Nov. 4, 1960	2,532
Indonesia	Nov. 5, 1960	22,723
Greece	Nov. 7, 1960	15,499
Chile	Nov. 8, 1960	41,100
Korea	Dec. 28, 1960	51,900
Brazil (amendment)	Dec. 29, 1960	57,210

	Millions
Total committed, 1960	$1,715

Calendar year 1961

	Millions
Carryover	$340
New authorization	1,500
Total available for 1961	1,840

Country	Date signed	Estimated CCC cost including ocean transportation
		Thousands
India (balance of 4-year agreement).[2]		$1,589,250
Turkey	Jan. 11, 1961	23,478
United Arab Republic (Egypt).	Jan. 16, 1961	4,762
China (Taiwan) (supplement).	Feb. 9, 1961	5,790
Iceland (supplement)	Feb. 27, 1961	75
Indonesia (supplement)	Mar. 2, 1961	7,014
India (supplement)	Mar. 9, 1961	43,500
Pakistan (supplement)	Mar. 11, 1961	9,249
Do	do	4,100
Vietnam	Mar. 25, 1961	3,425
Turkey (supplement)	Mar. 29, 1961	19,500
Ecuador	Apr. 3, 1961	2,400
Iceland	Apr. 7, 1961	2,158
Bolivia	do	5,000

	Millions
Total committed, 1961	$1,720
Balance Apr. 8, 1961	120

[1] 1st year of 4-year agreement.

[2] Financing for last 3 years of 4-year agreement signed May 4, 1960.

In connection with the observation made by the gentleman who addressed the House a moment ago, I frankly confess that I have been disappointed, because the authority to barter these commodities away for strategic materials has not been carried out to the true intent and meaning of the law. We did barter successfully and well for more than a billion dollars' worth of strategic materials which are now worth perhaps a hundred million dollars more than they were at the time we received them; and on these materials we have saved $105 million a year storage cost. But all of a sudden barter was stopped and our committee has never been able to find out just why barter transactions were abandoned.

It occurs to me that if my neighbor has something in abundance he does not need and I have something in abundance that I do not need, and each of us wants the thing the other has, it is only a natural and reasonable thing for us to barter and trade. If there is anything evil and unholy or un-American or unconstitutional about barter transactions I challenge anyone in or out of the Government to come to our committee room and give us the benefit of the information he has. We have asked this question in the committee room time and time again: First, why has barter been abandoned? Second, what is evil and unholy about barter? What is wrong about it? What is unwise about it?

Perhaps someone may suggest that barter transactions interfere with normal trade and commerce. I have said to those who make that assertion: Give me the facts in any one case to show where barter has interfered with the commerce of the world or with our domestic commerce. No one has yet been able to submit documentary evidence. It happens to be only the opinion of one or two men perhaps that has brought about the abandonment of our barter transactions. Barter has been placed at the bottom of the list. First is the sale for dollars, then sale for foreign currencies, then give-away provisions, then if you can neither sell for dollars, foreign currencies, or give it away, they will try to barter it away.

Then we were told we were bartering for things we did not need. Our reply was that if we were bartering for things we did not need it is not our fault, but the fault of those administering the program, because you will find in the reports of the committee that we should not barter for things not needed. So in a revision of Public Law 480 we wrote into the act as guidelines that the President must make up and provide lists of articles for which we would barter. We understand that list has been made. We also have been notified that our various agencies are anxious to use surplus commodities to barter for strategic materials needed in our defense program. Yet the whole thing seems to be stymied.

When you come to this bill it does not amend the substantive provisions of Public Law 480. We will have to bring in an extension bill at a later date during this session because Public Law 480 expires at the end of this year. This bill only authorizes the use of $2 billion more of these commodities to be used by our Government in sales for foreign currencies to the people of other countries. Actually, I suppose that we have a great surplus not only of agricultural commodities but of foreign currencies. In the next bill we will try to provide some convertibility provision so that we can convert the currency from one country into the currency of another country.

Coming to the bill now before us, it is an authorization to use $2 billion more of commodities. No one can say it is back-door spending, because we have already spent the money. We have already purchased and paid for the commodities. Our warehouses are bulging with food and fiber, and we know the food is deteriorating. It is going out of condition and being used for purposes other than for human consumption.

Are we going to refuse to grant this authority and abandon the Public Law 480 program for the remainder of the year or are we going to authorize the use of this $2 billion?

Why is the $2 billion necessary? If you will read the report you will see that in May of 1960 the President committed $2.2 billion to one country, to-wit, India, more than two-thirds of the money available to him for the full 2 years 1960 and 1961. I understand now that they are at the bottom of the barrel and have only slightly more than $100 million left to finish out the year. I do not say this critically, but the fact remains that the information we have in-

dicates that of the commodities made available more than 74 percent went to India, to Pakistan, and to Poland. The rest went to a long list of little countries in small amounts.

I am not complaining about the Indian agreement, but the fact is that of the amount of foreign currency to be received by us we only actually set aside about 15 percent for our own use; 42½ percent of the remainder is to be a loan to be repaid to us in rupees, the Indian currency, over a period of 40 years. The other 42½ percent is a grant or a gift. I hope that will not be a pattern for all of the transactions hereafter to follow.

But it is a solemn commitment made in May 1960 which our Government in good faith must keep.

The question comes up as to whether or not this is a good program. I say it is a good program. I said on the floor of the House before, and I say now, I believe it has been remarkably free from criticism, remarkably free from graft and fraud, and that we have accomplished a lot with it.

I do want to conclude by saying that I think the farmer has been bearing an unfair share of the cost of our foreign policy program. Why should all of this enormous expenditure be charged to the farm program, and yet it is so charged, in the public mind?

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Illinois.

Mr. SPRINGER. May I say, as one of the authors of this program originally, I am very much in favor of it. There was a question, however, that I did want to ask, with reference to he hearings on page 4, in which you asked these questions, Mr. Chairman:

First I would like you to tell the committee, if you can, why it is that no title IV program has been consummated.

Mr. DUNCAN. Mr. Chairman, we are certainly friendly toward title IV. We are pushing title IV. And we expect to make an announcement within the very near future of our first transaction under the program.

The CHAIRMAN. Is it not a fact that the Congress authorized programs under title IV as a loan program?

Mr. DUNCAN. That is true.

The CHAIRMAN. That is the program that contemplates sales for dollars, at low interest rates?

The question I wanted to put to the distinguished chairman of the Committee on Agriculture is, What has been done, if anything, since the date of these hearings with reference to title IV, which I consider to be a large part of the future of this program, if it is to be successful?

Mr. COOLEY. Well, I think it is very unfortunate that no transactions were closed under that title. Our committee has had information to the effect that many countries were willing to purchase these commodities for dollar credit if low interest rates could be provided and long-term payment programs could be arranged. Unfortunately, not a single transaction has been closed under title IV since we passed it.

Now, we provided that the interest rate should not exceed the cost to the Federal Government, and we recommended that it be about 2 percent, and that the commodities be sold with a repayment period of up to 20 years. Instead of taking what we provided as a maximum, the administrator provided that as a minimum, and the interest rate, I think, was above 4 percent, and no country was able to pay that high interest rate; consequently no transactions were closed.

Now, you asked me the question "What has happened since these hearings." I am told that they are working on some transactions now, and they hope to consummate at least one of them in the very near future. But, I can say to my friend that it will be the purpose of our committee to keep in touch with the situation, and to do all we can to urge, and to bring about the use of title 4.

Mr. SPRINGER. May I ask the distinguished chairman one additional question?

Mr. COOLEY. Yes.

Mr. SPRINGER. I refer to page 14 of the hearings, near the top.

Mr. IOANES. In most cases we have come mighty close to that. With regard to the Cooley provision you talk of, without identifying particular countries—I do not think we ought to do that on the record—there are two countries that refused to permit any loans to American business. The alternative is to say, "No" to them completely and not move the commodity, or to negotiate as best you can and hope that next year you will do a better job of convincing them.

The CHAIRMAN. Do you not agree that in order to move commodities you are going to have to make up your mind about that?

Mr. IOANES. Yes, sir.

Then there follows quite a statement by you as chairman, and I will not read it, regarding the long-term interest rate. I want to know why that program has not been pushed harder.

Mr. COOLEY. Well, the basic agreement must provide for the setting aside of 25 percent of the foreign currency generated by the transaction. I offered that amendment which was adopted. I was prompted to do so by many businessmen who thought that it would be a good idea, and it turned out to be a good idea. I think the program has been very wisely and well administered. But the recipient country must agree, in the basic agreement, to a set aside of that 25 percent which was referred to by the gentleman as the Cooley funds, and I think we should insist on its being in every basic agreement.

Mr. SPRINGER. Mr. Chairman, I want to say that I support the chairman in that. I think this long-term development that we have talked about basically in some of these countries ought to be carried out by loans from receipts under these programs which are there, and which stay in those countries. That seems to me one way in which we can use these counterpart funds that come as a result of these agreements, rather than coming back to the Treasury of the United States, and asking for support, as we did yesterday for some $500 million for South and Central America. I do not say that program is wrong, but I think we can do more with this program.

In addition, I think the gentleman's committee developed in these hearings that there are large amounts of counterpart funds in many of these countries which are not being used and which ought to be loaned at low interest to businesses that can help develop some of these underdeveloped countries where these products are sold.

Mr. COOLEY. The gentleman will recall that back in the early days of the Marshall plan there was objection to our using anything that we had received of value even to pay our own expenses. Under this program we have used $1,609 million to pay American expenses abroad. In other words, we have saved that much in dollars; we have paid that much with surplus commodities. If we could use the 25 percent setaside for American businessmen to borrow and to build in foreign countries I think it would benefit the receipient country. Another thing that we could do to improve our situation, and we are trying to do it, is to promote better markets for our farm commodities in foreign countries. We have set-aside, I think it is 5 percent, to be used by the administration in market promotional work.

Mr. SPRINGER. Was there not some evidence, Mr. Chairman, that it was only up to 2 percent in some of these countries?

Mr. COOLEY. Yes; we authorized 5 percent, but unfortunately they have not used the money. They have used about half of what we authorized.

Mr. SPRINGER. It seems to me that some of these suggestions coming out of the Committee on Agriculture are very good and I should hope that the gentleman's committee can stimulate whoever is in charge of this program to use some of these tools which you have given them in some of this legislation, which I think is broadly in the public interest.

Mr. COOLEY. We shall certainly continue our efforts in that direction.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from North Carolina.

Mr. JONAS. Mr. Chairman, I notice on page 11 of the hearings the gentleman from Texas [Mr. POAGE] established the fact that 42 percent of this $2 billion Indian transaction is an outright gift.

Mr. COOLEY. The 42½ percent is a gift, 42½ percent a loan, and 15 percent is reserved for U.S. uses.

Mr. JONAS. In questioning Department witnesses, the gentleman from Texas further established the fact or in answer to his question it was indicated that the Department was not prepared to say that that policy would continue. What are the facts?

Mr. COOLEY. The gentleman from Texas [Mr. POAGE] was disturbed over the fact that the Indian agreement might be considered as a pattern for future transactions. Certainly we do not agree. I am sure we agree with the gentleman from Texas [Mr. POAGE] that it is unfortunate that the Indian agree-

ment calls for a donation of 42½ percent of the amount involved.

Mr. JONAS. My question is: Did we get any agreement or any statement out of the Department witnesses indicating that that pattern will not be followed under this bill, or are we to assume that $500 million of this $2 billion will be given away instead of being traded for foreign goods?

Mr. COOLEY. All I can say is that I know the gentleman from Texas [Mr. POAGE] tried to make his position perfectly clear. I think he did. I am sure the administrators, the people in the Department, know how the committee feels about it.

Mr. JONAS. All I could get from the answers to the questions was that they would study the matter, but they made no commitment to the committee and therefore to the Congress.

Mr. COOLEY. This agreement was made in May 1960, and these are new fellows down there now. I can only hope they will not have to follow the old pattern.

Mr. JONAS. I thought we might get a commitment out of them that if the old pattern was wrong it would be discarded and would not be followed in connection with this $2 billion.

Mr. HOEVEN. Mr. Chairman, I yield myself 10 minutes.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I would like to make it very clear at the outset of this debate that I favor and support Public Law 480, the Agricultural Trade Development and Assistance Act of 1954. I had the privilege of participating in the writing of this tremendously useful and constructive law in the 83d Congress. Through the years it has been invaluable in implementing both our foreign and our agricultural policies, and its benefits have become widely recognized by farmers, taxpayers, and the general public.

The bill as reported by the Committee on Agriculture does just one thing—it increases by $2 billion the amount of funds which can be spent during the balance of calendar year 1961 to finance foreign currency sales under title I of the act. This $2 billion would be over and above the $1.5 billion already authorized and already spent.

You will note that the minority members of the Committee on Agriculture signed a minority report as to the $2-billion authorization, contending that the Department of Agriculture had not justified their asking for $2 billion. They did justify their asking for $1.1 billions. Our minority had in mind that in view of the large expenditures being made under Public Law 480 and the large expenditures contemplated the Congress should not authorize the appropriation of more money than was obligated.

I think it stands to reason that that should be done not only for the protection of the program but to relieve it of any criticism by having it said that we are issuing blank checks for agreements which are still in the embryo stage and have not been entered into. So I propose to present an amendment at the proper time to reduce this $2-billion authorization by $900 million, which would authorize then the expenditure of $1.1 billions in addition to the funds which they already have on hand.

It is our contention that they have ample money to carry on this program for the balance of the calendar year 1961, and that is all that the $2 billion authorization applies to.

I think I should point out at this time that it is necessary to extend Public Law 480 before this session of Congress adjourns in that the act will expire on December 31, 1961. I understand that full and ample hearings will be held within the next few weeks at which the extension of Public Law 480 will be considered, and at that time whatever new authorizations are ready or are justified I am sure will be approved.

I certainly want to vote for all the authorization money that is necessary to carry on the program, but I am quite skeptical of this idea of authorizing the appropriation of money for agreements which, as I say, are still in the embryo stage and have not come into being. As far as the amount of money on hand, which has been referred to, the balance on April 8, 1961, was $120 million. That is in addition to the $1.1 billion that has previously been authorized which will amount to the sum of $1,220 million for the balance of the year 1961.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Texas.

Mr. POAGE. What $1,200 million is the gentleman referring to?

Mr. HOEVEN. I am referring to the $1.1 billion that has been already authorized and committed, as I understand it.

Mr. POAGE. I do not understand. Let us see if we cannot understand it. What figure of $1,200 million is there?

Mr. HOEVEN. According to my figures, the balance as of April 8, 1961, is $120 million.

Mr. POAGE. Yes, that is right.

Mr. HOEVEN. And the new authorization for the calendar year 1961 is $1.500 million.

Mr. POAGE. Where is that now? That is the one-half of the $3 billion authorization which was made; is that what you were referring to?

Mr. HOEVEN. Yes, that is right.

Mr. POAGE. Yes, that is correct, but if I understand it, that money has long since been committed and at least most of it was committed prior to the 20th day of January 1961.

Mr. HOEVEN. All I know about it is on page 2 of the document handed to me this morning—it says, "carryover $340 million."

Mr. POAGE. The carryover, beginning the 1st of January 1961; that is correct.

Mr. HOEVEN. Yes.

Mr. POAGE. But on the 20th day of January 1961, that is not correct.

Mr. HOEVEN. It says the new authorization for the calendar year 1961 is $1.5 billion.

Mr. POAGE. That is correct, but by the 20th day of January, that was not correct; was it?

Mr. HOEVEN. The total available for 1961 was $1,840 million and they committed in 1961 $1,720 million, leaving a balance on April 8, 1961, of $120 million.

Mr. POAGE. That is correct so there is only $120 million left.

Mr. HOEVEN. I imagine under that kind of analysis, the gentleman from Texas is correct.

Mr. POAGE. So it is not fair to say that $1,700 million is to be available to carry on this program. There is only $120 million, or there was, 3 weeks ago.

Mr. HOEVEN. I refer to the new authorization for the year 1961, and it is all in the same figure.

Mr. POAGE. That is correct, but 4 months of the year 1961 have gone by.

Mr. HOEVEN. I appreciate that fact, and the gentleman may be correct in his analysis, and if we can correct the record in that respect.

Mr. POAGE. I want to make sure that we are not saying there is $1,700 million available at this time, because it is not there.

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Ohio.

Mr. BOW. Looking at your record on page 9 of your hearings, the chairman said:

> How much money do you have now uncommitted?

The answer was, "$150 million."

Since the time of the hearings, up until the date of April 8 that you have on this other statement that I find here, there was $20 million committed. So, according to your figures before us here, you have $120 million uncommitted. I think the gentleman from Iowa is correct.

Mr. HOEVEN. That is correct.

Mr. BOW. At least, if your hearings are correct, then you are correct in your statement.

Mr. HOEVEN. That is correct; there is no argument about that.

Mr. POAGE. That is exactly the point I was raising. The gentleman said that $1,700 million is presently available. There is only $120 million, and that is exactly the point the gentleman from Ohio has made, and that is exactly the point the gentleman from Iowa now confesses. But there is not $1,700 million available at this time, as the gentleman from Iowa first said:

> There is only $120 million.

Mr. BOW. One further observation, I confess surprise to find further in the same statement that there is approximately $150 million still uncommitted—now $120 million—and reference to $2 billion. Listen to this language: "The small balance of $2 billion." I am a little startled to find that people are coming up from downtown and speaking of $2 billion as a small balance.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. WHITTEN. I notice here that in the debate the phrase "moneys avail-

able" is used frequently. Unfortunately, if the gentleman will permit, there is not any money available. The bill itself authorizes the Department to enter into agreements for the sale of commodities for which this Government is to receive foreign currencies which are not convertible.

The point I would like to make to the gentleman here is that the Commodity Credit Corporation had practically all its funds exhausted a few months ago, and the Congress refused to restore that capital impairment. The Corporation can get its funds in two ways: First, through the appropriation process where we put up American dollars for that which they sell for foreign currency, or they can sell for dollars and have those funds available.

So I may point out again that this bill under which we are selling commodities for which we paid American dollars, selling them for foreign currencies which are not convertible, the Appropriations Committee will be called on to appropriate dollar for dollar every dollar amount which is before us. I think that any effort to go overboard in this program with commodities that otherwise could be used under payment in kind to help bring our production in balance is costly, because if we could use these commodities to bring our production in balance we would save the price support cost of those products in the amount that production is reduced.

I thank the gentleman, and I would like to point out again that there is no money available now and there will not be. Actually what we do here will call for providing money later.

Mr. HOEVEN. May I ask the gentleman this question: Does the gentleman believe we should authorize appropriation of money which has not been justified by the Department?

Mr. WHITTEN. What we do here is commit ourselves to future appropriations. I think there should be ample justification before the committee for these expenditures before we have to bring in the appropriation bill paying these costs. We must do that in the next several weeks. The bigger the amount here, the bigger our appropriation request must be.

Mr. HOEVEN. I am glad the gentleman has made his position clear. That is exactly my position, and in the judgment of the minority there is no ample justification for more than the $1.1 billion for the remainder of the fiscal year 1961.

Before this session of Congress adjourns we will again consider the authorizations which are justified at that time in connection with the extension of Public Law 480—it must be extended this year. I do not think we should issue a blank check unless it is justified.

I just want to make myself clear again that I do not think they have justified their askings. I am willing to authorize money to carry out the items if they are justified. Certainly the American taxpayers have the right to expect that the expenditure of some $900 million will not be authorized by the Congress without a program being submitted, or that the $1 billion will be authorized based on pure speculation without actual agreements or without even potential agreements reduced to negotiations. Certainly it is not expecting too much to have them justify their asking.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. JONAS. In view of the comments of the gentleman from Mississippi and those of the gentleman from Iowa, I think the record should be crystal clear that whatever we do here today in authorizing commodities to be given away, exchanged, or traded for foreign currencies, ultimately this Congress will have to put up the money to replenish the CCC in a subsequent appropriation bill.

Mr. HOEVEN. That is correct.

Mr. JONAS. I am not opposed to the program—I voted for it and for its extensions and am in favor of extending it today—but I think we ought to understand what we are doing. We are not simply trading commodities we have in storage for foreign currencies. We are committing this Government and this Congress for a future appropriation to pay for the cost of those commodities.

Mr. HOEVEN. May I say to the gentleman I was interested in his inquiry about the grant to India. The largest part of this authorization and agreement last year was to India, supplemented in the year 1961. Forty-two and one-half percent of that going to India has a direct grant.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HOEVEN. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, I suspect in view of the rivalry between India and Pakistan that Pakistan will have to be afforded the same kind of treatment.

Mr. JONAS. May I say to the gentleman that is the reason I asked my colleague from North Carolina the question, because as I read the colloquy between the gentleman from Texas and department witnesses, it was clearly established that $500 million of this $2 billion involved will be an outright gift. You received no commitment from the department witnesses that there will be a change in the pattern. All you received were assurances that the subject was being studied; is that true?

Mr. HOEVEN. That is correct.

Getting back to this authorization, let me point out that on January 9, 1961, the Eisenhower administration asked for an additional $1.1 billion, the exact amount contained in my amendment. The Department asked for the additional $1.1 billion, some $900 million less than that provided in this bill. In a letter to the Congress requesting $1.1 billion, the Department justified that amount and nothing more.

Let me point out the thing that concerns those of us on the minority side. The original purpose of Public Law 480 when enacted was for the orderly disposal of surplus agricultural commodities. We had a great surplus then, and we have it now. It is interesting to note that in spite of the tremendous job we have done in disposing of agricultural commodities to date under Public Law 480, in excess of some $9 billion, we still have invested in the Commodity Credit Corporation about $9 billion or more. In spite of all of our efforts, we have a continuing problem.

It seems to me that we are departing from the original purposes of Public Law 480, to-wit, the orderly disposal of surplus agricultural commodities. I can see in the offing a great program for world relief and welfare. It is admitted by the Department of Agriculture that this is their purpose.

In the testimony of Mr. John P. Duncan, Jr., Assistant Secretary of Agriculture, on March 15, 1961, before our committee, he said, among other things:

> The American farmer is efficient and productive. And this capacity offers great opportunities to feed needy people in this country, particularly in depressed areas.
>
> There is also great opportunity to attack hunger and malnutrition overseas.
>
> At this point, I want to make clear the administration's position on farm abundance. We do not view it as a problem which forces us into a surplus disposal operation. We do not view it as a national catastrophe. Rather we believe U.S. farm productivity is a national blessing.

This all seems to indicate that we are departing from the original purpose of Public Law 480 and that we are now embarking on a world relief program. Now, if that is the policy of this administration, then let them charge these expenditures to the proper agencies of the Government involved. I, for one, am getting fed up with the Department of Agriculture being charged with all of these expenditures when a large part of it should be charged to the Department of State and a large part of it should be charged to the Department of Health, Education, and Welfare and not charged to the American farmer and the Department of Agriculture.

I suggested to Department witnesses before our committee on this bill that I thought it was high time to start to do some bookkeeping and that the Department of Agriculture should only be charged for those items which truly should be charged to the Department of Agriculture. For instance, take the school lunch program. It started out during a period of surpluses and has now become a permanent part of our way of life, which apparently cannot be changed. The milk program is also a good thing. Still, both of these programs are charged to the Department of Agriculture whereas the school lunch program and the milk program benefit all the children of the United States and contribute to their general welfare. The same way with these vast expenditures for foreign aid and foreign relief. Why should they not be charged to the Department of State and not to the Department of Agriculture?

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Do I understand, then, that if, for example, food was furnished to these distressed

areas, that would be charged to the Department of Agriculture?

Mr. HOEVEN. Exactly.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Iowa.

Mr. GROSS. Did I understand the gentleman to say that $1.1 billion had been justified?

Mr. HOEVEN. Has been justified, yes.

Mr. GROSS. Since when did justification have any meaning around here? I seem to recall that yesterday we passed a bill for $600 million that had no justification whatever.

Mr. HOEVEN. I think the gentleman is correct in that assumption.

Mr. GROSS. I just wondered whether justification meant anything.

Mr. HOEVEN. As far as this bill is concerned, there is no justification for the $2 billion. We should not give them any more money than they can actually use at this time, in view of the fact that we will, within a few weeks, take another look at the situation.

Mr. HOFFMAN of Michigan. Mr. Chairman, if the gentleman will yield further, What is the difference in principle between these proceedings today and the one yesterday?

Mr. HOEVEN. Well, the principle may be the same, but involved in the debate on yesterday was the serious problem involving foreign affairs and the security of our country.

Mr. HOFFMAN of Michigan. That is to say, we were all frightened yesterday, and it had to be done right then.

Mr. HOEVEN. The gentleman can draw his own conclusions and make up his own mind on that.

Mr. GROSS. Everything is peace and light today; is that right?

Mr. HOEVEN. Now, I would like to say another thing which concerns me somewhat relative to the beneficiaries of our bounty. Reference was made to Mr. Nehru of India. He has seen fit to criticize the U.S. Government for its action in relation to Cuba. I have taken from the same issue of a Washington paper an item covering the criticism by Mr. Nehru of the United States in that regard, and turning to another page of that same paper I find that India is to ask for $638 million foreign aid from the United States. I do hope that all of these agreements are carefully analyzed, and that we be generous to our friends who will stand with us when the chips are down.

I simply want to point out that I think all we should authorize at this time is $1.1 billion, as provided in my amendment. The $900 million is not justified at this time in view of the fact that within a few weeks we will review this entire picture, and we then can authorize whatever can be justified at that time.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Illinois.

(Mr. SPRINGER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SPRINGER. Mr. Chairman, the purpose of H.R. 4728 is to authorize the President to enter into agreements during the 1961 calendar year, calling for the sale of an additional $2 billion of agriculture commodities under the Agriculture Trade Development and Assistance Act of 1954, which is better known as Public Law 480.

My colleagues will remember that this law was extended in September 1959, to December of 1961.

There has been no more far-reaching law in all of our history to dispose of agricultural produce than this act under debate today. In a period of some 6½ years, we have sold over $9 billion of agriculture produce outside of the United States. These sales have extended from Argentina to Iceland and from Spain to Indonesia. The greater portion of the agriculture products disposed of have been those under price support, and more immediately those in which we have a vast surplus. The contracts for sale as of March 11, 1961, were a total of 225. This means that we have been active in the international field in disposing of surplus agriculture produce in this country. The law has been of tremendous assistance to agriculture generally. I can speak with some authority when I say that this law has almost been a salvation in the soybean field. For many years when we ran a great surplus of soybean oil we have been able to dispose of it in countries where shortages of oil have occurred. In 1957 and 1958, soybean oil took the place of olive oil in the Mediterranean countries from Spain to Greece.

Since World War II, the originator of soybean processing—the Japanese—have been cut off from their previous source of supply, which was Manchuria. In many years during the 1950's, the United States has sold in excess of 40 million bushels a year in the Japanese market.

Recently, additional new requests have been received from countries abroad. We are now in the process of winding up negotiations with India for approximately $2 billion in sales over the next few years. Pending also is another rather large contract with Pakistan. Both of these are underdeveloped areas of the world where approximately 200 million people are ill fed 365 days of the year.

As everyone knows, American agriculture has been producing far more agricultural commodities than can be sold through the normal channels of trade for consumption at home and abroad. Public Law 480 has been the major instrument of the United States in making use of this abundance in countries throughout the world. It is the keystone of our use of agricultural surpluses to help friendly nations in need of assistance.

From 1954 through December of 1960, we have sold abroad the following agricultural commodities: 1,437 billion bushels of wheat; 288 million bushels of feed grains; 49 million hundredweight of rice; over 5 million bales of cotton; more than 4 billion pounds of fats and oils, the major portion of which was soybean oil; and 113 million pounds of meat. The size of these sales almost staggers imagination.

In many areas of the world, we have been granting economic aid to underdeveloped countries in the form of loans and grants. We have used the foreign currency resulting from these sales in that economic development instead of American dollars. To the extent that foreign currency has take the place of dollars, the outflow of gold from the United States has been stopped and dollar appropriations for expenditure abroad have been unnecessary.

It is essential not only to agriculture, but also to the general welfare of this country that this program be continued.

Undoubtedly title I of Public Law 480 has been the major use for sale under the program. I do think it important at this time that no opportunity should be lost to take full advantage of every opportunity to explore other ways of disposing of surplus agricultural commodities under other titles of the bill. My colleagues will recall my comments of a few moments ago to the chairman of the House Committee on Agriculture. In those comments, I tried to be constructive. It is my belief that title IV of this bill could be used to a greater extent than it has in the past. Title IV is a loan program and contemplates covering a great many years. This gives constancy to the program and gives countries purchasing from us a chance to make long-term commitments, based upon the needs for individual years.

I was happy to see that the Department of Agriculture stated on page 5 of the hearings on this bill as follows:

> Mr. Chairman, we are certainly friendly, as I said, toward the title IV authority. We have already begun moving in this direction. We are pushing title IV. And we are right now on the verge of signing an agreement with a foreign country for our first sales under the program.

The Cooley amendment has a great many advantages. Under that program, counterpart funds could be used to permit loans to American business to develop backward countries. This in turn would provide much-needed jobs to those areas which have immense populations and great underemployment. This again would substitute for American dollars which we are providing in many instances to develop and assist underdeveloped countries.

I note again on page 16 of the hearings that the committee has under consideration its own thinking on trying to eliminate barriers to trade for American products in countries benefiting by Public Law 480. If we do business with those countries under Public Law 480, it is entirely reasonable that they should not throw barriers or tariffs against agriculture produce which is not subject to Public Law 480.

We have for many years been trying to break down barriers to world trade in agricultural produce. The United States ought to be able to sell agricultural produce in any part of the world without local quotas or local tariffs against our produce. It is my hope that the House Committee on Agriculture, and

its great chairman, will continue to follow this matter, using all of the legislation we have in Public Law 480, to force countries accepting the benefits of Public Law 480 to grant entry to our other agricultural products.

A fourth matter of considerable importance is the attempts that should be made under this bill to promote markets for our agricultural produce abroad. At the present time, 2 percent of the counterpart funds are subject to convertibility for this purpose. I realize there has been resistance to this by the countries having counterpart funds under this program. The chairman of the House Committee on Agriculture, on page 18 of the hearings, states:

> Would it not be an advantage if we increased that 2 percent to, say, 10 percent convertibility for this purpose?

It appears to me that 2 percent convertibility is very low for use in promoting our agricultural program for sale of other products abroad. Ten percent is certainly reasonable. We ought to make every effort to dispose of surplus agricultural commodities not only under this program but also just in the open market.

Mr. Chairman, I was one of the five authors of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954. What appeared at that time a radical departure from the normal pattern of trade which we had followed for over 150 years, has been a tremendous success. It was a break-through for American agriculture in world markets. Some parts of the program have followed much in line with the popular words "Food for Peace." There is no greater weapon we have in the battle against world communism than the tremendous surplus of agriculture which is grown in the United States every year. This surplus should be considered a blessing. I believe that most people do believe it is a blessing, whether they live on the farm or in the city. Our real problem has been to get worldwide distribution for American agricultural produce at reasonable prices and under programs which are adaptable to our economy. Public Law 480 has been the greatest instrument we have had in my lifetime for the sale of American produce outside the continental limits of the United States.

The enactment of H.R. 4728 will give continuance to that program and do much to strengthen American agriculture and win friends throughout the world, whom the United States needs in this precarious moment in history.

(Mr. FINDLEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FINDLEY. Mr. Chairman, I believe public hearings should be held before further authorizations are made under Public Law 480.

There are strong indications the original goal of the program—surplus disposal—has been scrapped in favor of a gigantic worldwide welfare program. Public hearings would make clear the new nature and new goals of the program and would enable the Congress to measure its full implications and determine the effect on foreign and domestic agricultural markets.

If Public Law 480 is to be primarily a welfare program, bookkeeping should be changed so that the cost is charged to welfare, not to the farmer, and procedures should be changed to prevent opening the floodgates for back-door spending.

Our Nation faces a serious balance-of-payments problem. Before any further agreements are consummated, consideration should be given to adding "spending by U.S. tourists" to the list of approved uses for foreign currencies acquired under this program. Tourists could exchange dollars for local currencies at the Embassy upon entering the country. This would help to reduce the outflow of dollars.

Mr. COOLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, it is most difficult to discuss a problem when the opposition alleges its great devotion for and support of the program; but the sole question here is whether you are going to pay the previous administration's obligations only or whether you are going to continue this program.

The gentleman from Iowa [Mr. HOEVEN] repeated several times that the minority—every member of which on our committee signed the minority report—that the minority was anxious to carry on this program, was anxious to provide all the funds necessary, but that $1.1 billion had been documented and had been justified whereas the additional $900 million had not been justified.

From his standpoint he is exactly correct. The previous administration recommended $1.1 billion as of January 9, 1961, as being the amount necessary to carry out the obligations already incurred by that administration—that is, incurred or under negotiation at that time. In other words, it took exactly $1.1 billion on the 9th day of January to complete the obligations of the administration. If you are willing to say that you want to saw this program off as of the 9th day of January, and say that you will carry out the obligations created by the previous administration but will provide no funds whatever for any new obligations; if you are unwilling to proceed with anything new, but simply want to stop right where the previous administration said they had gone, then you want to vote for the proposal to cut this down to $1.1 billion because that is all that was justified on the 9th day of January in 1961. But if you want a continuing program—I do not know whether you do or not; I do—but if you want a continuing program, one which will enable the present administration to sign some contracts, too, then you are going to have to provide for the use of more of these surplus commodities. You do not have to provide for the appropriation of new moneys. We have already paid for these commodities. But you have got to authorize the use of these commodities for this program and you have got to authorize the use of more than the amount the previous administration had already committed.

We have to go from the 9th day of January 1951 on which this last report was based, until the 1st day of January 1962. It does not make any difference if we are going to bring in another 480 bill here in the next few months, because that bill is going to start its effectiveness on the 1st day of January 1962, and you have the time between now and the 1st day of January 1962, for which you had on the 15th day of April authority to use $120 million of these surplus commodities.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. COOLEY. I would like to reemphasize the fact that the gentleman has pointed out, that the previous administration allowed $2.2 billion to India, which was two-thirds of all the money available. That same administration negotiated transactions totaling an additional $1,250 million which are ready now to be closed. If you take the $1.1 billion you will not even have enough money to close those transactions. We will be out of business from now to the 31st of December.

Mr. POAGE. The previous administration had committed this money at a rate about 50 percent in excess of the authorization by the Congress up until the 20th of January 1961. They had made commitments at a rate of about 150 percent of what the Congress had authorized up to that time. If we stopped right now we could not carry on any substantial additional program. As the gentleman has just pointed out, the past administration committed $2.2 billions in the Indian agreement. Now it is suggested, "Well, you won't do anything for Pakistan." Can this nation do business in this world on that sort of basis? giving India $2.2 billions and saying to Pakistan, their neighbor, who is our military ally—and India is not—"No, the Congress would not authorize the use of any of these surplus commodities after the 20th day of January 1961. After that time the Congress did not want us to use any of these commodities."

Mr. COOLEY. One other observation: Unless this bill is passed as we presented it, the negotiations now being conducted with Brazil over an agreement would have to be abandoned. We would just be out of business.

Mr. POAGE. All but $120 million of these negotiations will have to be abandoned. There is $120 million that can be used to fulfill those obligations, and that is all that can be used from now until 1962 unless you pass this full amount rather than this bobtailed amount which pays the debt of the past administration, I grant you that, but is it honest, is it fair, for this House simply to pay the debts of a past administration and say to the present administration that you are absolutely hamstrung? One could take that position all right if he wants to, but it does not seem to me he can very consistently take that position and at the same time say, "We believe in this program, we are thoroughly sold on this program, we want this program to go on, but we do not want the new administration to do any-

thing about it. We are glad to pay the debts of the past administration but we are not willing to let the new administration do anything about it."

Mr. COOLEY. I want to emphasize one other fact. We have talked about these programs for many months and years during the past administration and the present administration. This would end the food for peace program.

Mr. POAGE. It will end the food for peace program. It will end the 480 program. What disturbs me so badly, because these are able gentlemen, is that they get up here and say, "We ought to have a continuing program, we ought to have something these people can rely on from year to year," and then they deny the new administration the right to use these surplus commodities. Gentlemen we must give foreign countries a long repayment period. I agree, I introduced legislation to do this last year. Yet I saw another minority report last year which would have prohibited this committee and this Congress from authorizing that long period of time or those low interest rates which were spoken of with so much gusto just a few moments ago. I know where the votes came from which killed that low interest rate, and you do too. I know where the votes came from which prohibited us from making a 10-year agreement with anybody, and you do too.

It is perfectly all right for anybody to hold those views, but how can they hold those views and at the same time tell this House, "We must have a program of longtime commitments where these people can rely on what they are going to get for a long period of time to come." If you are going to cut this off and just pay the debts of the past administration, you are going to do absolutely nothing in the way of providing exactly the kind of program we are told we need, and which I believe we need. I think we do need a longtime program. I think we do need a low interest rate, and I mean a 2-percent interest rate.

I want that to be clear right now because I do not want somebody to go home and saying that I said the United States should buy something up and pay 4 percent and then lend it out at 2 percent. We are paying about 14 percent or more a year costs to carry our surplus commodities. If we are selling these commodities and get 2 percent a year, it seems to me we are making a rather substantial profit rather than taking any substantial loss. That is what I am pleading with you to do.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. COOLEY. The storage costs are going to run about $1 billion a year; is that correct?

Mr. POAGE. That is correct, yes.

Mr. HOEVEN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I hope the House will not get the impression that the amendment proposed for $1.1 billion is going to wreck the Public Law 480 program. It only applies to the calendar year 1961. They have a working balance of $120 million. The amendment provides for an additional $1.1 billion, which would make $1,220 million. The committee will act on new authorizations within a few weeks, I am sure, in connection with the extension of the law.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. The $1,100 million will not even be enough to meet the $1,250 million worth of transactions now ready to be closed.

Mr. HOEVEN. Again I say there was no justification shown for more than $1.1 billion.

Mr. COOLEY. That was to meet prospective present commitments, but not future operations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOEVEN. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. McINTIRE].

(Mr. McINTIRE asked and was given permission to revise and extend his remarks.)

Mr. McINTIRE. Mr. Chairman, a report of the committee on page 9, I think, would offer some enlightenment relative to this discussion. I would call your attention to the fact that the reference there is to a billion dollars of these contracts ready to be closed in that item; No. 2 of which the title says, "programs under development resulting from country requests." Do not let us get confused with the quotation of $1,100 million or $1,200 million worth of contracts ready to be closed with this figure. This figure is simply formal requests on file with the Department, and there are many of these requests made which never result in any contracts. I would also call your attention to the fact that item 3 is an additional $600 million for which the title here says simply, "additional programs expected."

This is not, certainly, in the context of requests. It is not in the context of contracts ready for closing because item 1, as presented, in the majority report, says that as of this time there is $50 million worth ready for closing.

There are $50 million worth of negotiations which are ready for closing. There is $1,250 million which is the total of requests made but about which there is no definite assurance that contracts will be signed. The statement is made that at the present time a contract of $1 billion is being discussed with Pakistan. Assuming that that is negotiated, there is room enough in this balance proposed by the minority to cover this contract and leave $220 million more. Admittedly, this is close budgeting, but we are dealing here in sums which I think justify close budgeting. I think they justify serious consideration, and even if there is only $200 million left for the calendar year 1961, as the gentleman from Texas [Mr. POAGE] mentioned, the extension of this act does not go into effect until the beginning of the calendar year 1962, but we do have $220 million to cover these other negotiations which may reach the point of contract within the balance of the calendar year. This is very close financing, but I think we need justification of these items. This is the position of the minority as set forth in their report.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. McINTIRE. I yield.

Mr. HOEVEN. I agree with the gentleman that we must meet the commitments covering agreements already made. I would like to point out to the membership of the House that in the omnibus farm bill now being considered by the Committee on Agriculture the Department is asking for an authorization of $7.5 billion during the next 5 years at a rate of $2,500 million a year. Someone has not been at all careful in their figuring, because the entire sum of $7,500 million would be expended in 3 years at that rate. I do think it is high time we weighed our financial situation as far as these negotiations are concerned.

Mrs. MAY. Mr. Chairman, will the gentleman yield for a question?

Mr. McINTIRE. I yield.

Mrs. MAY. The gentleman, I know, has been very faithful in his attendance at the committee hearings. I wonder if he recalls any testimony on the part of any Government official that indicated that if the full amount they requested were not appropriated the program would come to a halt as indicated by certain Members on the other side of the aisle?

Mr. McINTIRE. I fail to recall that, and I would refer my colleagues to a publication which I think is available on the floor. This has been referred to before. In this it is indicated that there is—this calendar 1961—$340 million available as a carry-over from the authorizations of 1960. New authorizations of $1,500 million, making a total of $1,840 million.

I would suggest that the proposal of the minority to add $1.1 billion would make $2.9 billion, and if I read the report correctly, and in reference to picking up the tab for previous administrations, this did not total the $2.9 billion which the minority is proposing for the balance of this year and which was the minority proposal. We do have sufficient funds to cover what we feel has been amply justified and can be shown to be justified, leaving a balance for the remainder of this calendar year. I do not recall that there was any comment made of the nature to which the gentlewoman has referred.

Mrs. MAY. Nor do I. Would the gentleman agree there is not necessarily any conflict of principle here with those of us who are enthusiastic supporters of the program, Public Law 480, because it has been successful, and administered well, as a program to disburse our agricultural surpluses, and our desire to see that this program is administered on a sound financial basis? Or because we believe that the testimony to be brought to our committee on behalf of requests for funds should have facts and figures to back it up?

May I call something to the gentleman's attention that happened yester-

day. We passed a bill in this House yesterday which made appropriations to the inter-American social and economic cooperation program and the Chilean construction and rehabilitation program. The gentleman remembers in the report on that bill the committee expressed some grave misgivings about lack of justification of requested funds, although they recommended passage of the bill. I quote from that report:

> However, officials of the executive branch were unable to tell the committee in what countries, what projects, give precise estimates of cost, or any other useful data of the type and in the detail normally required to be furnished by U.S. Government departments and agencies in budgetary justification of projects.

I would say that there is a most distressing similarity here between this report and the minority report on the bill before us today.

I quote from this report:

> Department witnesses admitted they did not have progam commitments for the additional $900 million, that they were merely speculating.

Further down on page 13:

> The request for amounts in excess of $1.1 billion were based on departmental speculation over possible agreements and not on actual agreements or even potential agreements reduced to negotiation.

Many of us in this House grow increasingly concerned with the number of times the Members of this body are called upon to make what might be referred to as half-hearted votes on behalf of programs in which we believe very strongly. I think perhaps those representing the various departments of our Government might well take warning that they may contribute to the eventual defeat of those very programs in which they most believe by inadequate testimony on behalf of the funds they seek to continue these programs.

Mr. McINTIRE. I appreciate the comment of the gentlewoman from Washington. I would say that this program has involved some $13 billion, of which $9 billion has been used in Title I. I do not think it is at all to be considered destructive criticism when some of us think of $2 million as not being trivial funds, and that the $7½ billion which is requested in the bill before us by the Committee on Agriculture is not a trivial sum. I think when some of us are concerned about these matters and do look for ample and specific justification, we are discharging a very substantial part of our responsibility to those whom we are entrusted the responsibility of representing here in the Congress. Two billion dollars is not a trivial sum. We just think we will destroy this program as well as others which may have very substantial merit if we consider these authorizations as just something we can pass easily and willy-nilly without being able to show on the record that we have been diligent in relation to the taxpayers' money.

I think this bill does not have ample justification in it for the $8 billion. I think the record has shown we feel there has been ample justification for the $1.1 billion.

Mr. Chairman, it will not destroy the program in any degree if this $1.1 billion is approved.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CURTIS].

(Mr. CURTIS of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise to discuss this program with regard to its foreign policy implications. Our Foreign Affairs Committee is concerned both with the amount of aid that is given through Public Law 480, and the use that is made of the counterpart funds, the local currencies which came to the United States.

I favor the objective of the program. I favor handling it generously and feeding the hungry from our huge surpluses. But, I feel that in some respects this program is getting out of hand and ought to be looked at pretty carefully in view of the huge amounts of money that are involved.

The first point I want to raise is the impact of this tremendous generosity of our country on the receiving countries, and I quote from a report that came to me a few days ago from Mr. George McGovern, special aid to the President. He says:

> Many of these transactions, though generally assumed to be sales, will probably, in their true effect on the United States, turn out to be largely grants.

Of course they are grants. The commodities are usually paid for for in local currency, and we have so much local currency that we do not know what to do with it. In many cases it would cause tremendous dislocations if we tried to spend those moneys.

As to the impact on the receiving country, Mr. McGovern says:

> Whether these transactions are sales or grants in their ultimate impact on the American taxpayers, they certainly appear as purchases to the average citizen of the recipient country. Food acquired from the United States enters the country through the usual commercial channels and is placed on sale in the same manner as agricultural commodities produced in the country in question or imported in some other way. Individual citizens purchase the products in the usual way from the retailers. The net benefit of the transaction is spread over the entire population but in an indirect manner not apparent to the individual citizen. Specifically, the net effect of any transaction of this kind is to keep food prices down, thus helping all income classes. As food expenditures contribute by far the largest share of total expenditures among the lower income groups, low food prices are, of course, most beneficial to them. Furthermore, as higher prices might cause groups at the lower end of the income scale to curtail their purchases below reasonable minimum standards, the effect is to reduce hunger in these lowest groups. At the same time, it must be noted that concessional sales do not reach those groups of the population which are so very low on the economic scale that they have insufficient funds for the purchase of food.

In other words the food acquired from the United States goes into those countries through usual commercial channels, and is placed on sale in the same manner as agricultural commodities produced in those countries or imported and paid for by the citizens of those countries.

We spend these billions of dollars feeding these people, and in many cases they never know it; and meanwhile the Soviet bloc nations are spending their money on propaganda and subversion. We feed the people, but they win their hearts.

Now, the second point is this: We have heard discussion here today as to whether this program costs us anything. Mr. Chairman, I was amazed when we refused a foreign aid grant to a friendly country to hear the statement made that they would be just as well off getting some surplus agricultural commodities under Public Law 480. And, I say to you—and if I am wrong, I want to be corrected—that if we sell $5 million of Public Law 480 products to a foreign country, it is just as expensive to our country as though we appropriated $5 million and gave it to them as a foreign aid grant to be used for securing those products.

Finally, I think we need a further understanding of this bill. I notice a statement in the report which says:

> The committee believes that the programs carried out under the authority of Public Law 480 are too well known to the House to require a detailed description in this report.

Mr. Chairman, I consider that one of the overstatements of the year. This is a difficult matter to understand and follow through. I, for one, wish that our committee would detail some of the specific transactions so we could follow them through and see how they are handled.

I have one further point on that. It is generally represented that this program is a way of disposing of surplus agricultural products that are piled up in the bins of the CCC. Most of the literature on the subject gives that impression. The committee in its own report says that this program has been a major factor in moving these surpluses from CCC storage bins. But, Mr. Chairman, I understand that in many cases these commodities, as a matter of fact, are not taken from the storage bins. The recipients in effect come in and buy these commodities on our market. I ask the chairman of the committee if that is not true.

Mr. COOLEY. What is the question exactly?

Mr. CURTIS of Massachusetts. In many cases credits are set up here, for which we have to pay, and the foreign countries receive these commodities from our open market, instead of from the bins of the Commodity Credit Corporation. I know that is a fact and I hope that the chairman will tell us what proportion is involved.

Mr. COOLEY. About 99 percent.

Mr. ALGER. Mr. Chairman, if treason is defined as giving aid and comfort to our enemies wherein does this Public Law 480 differ from treason in giving aid to Yugoslavia, Poland, and India? How can we justify $2.2 billion of aid to India in 2 years and then vote even more when Nehru of India is attacking us and our policies. Are we crazy? Yesterday we

voted $500 million to inter-American nations without being assured the money would go to sympathetic friends pledged to our support and the support of this hemisphere. Have we already disregarded the fact that Cuba has fallen to the Communists. And now we aid further Communist Poland and Yugoslavia. We must be going insane. What is the matter with us?

Public Law 480 originally was intended to be an agricultural surplus disposal program. Now it has become a gigantic worldwide welfare program, requiring the perpetuation and growth of surpluses. The original end goal has now become the means, and so we go on like a dog chasing its tail. How can we eliminate the artificial farm bonus programs when surpluses became necessary.

We certainly cannot evolve a sensible farm program or return to a free market to perpetuate Public Law 480. And how, pray tell, can we possibly strengthen ourselves by squandering billions, failing to win friends, subsidize our enemies, and end up with bale fulls of local currency which can not be spent except as the local nation wishes.

What kind of fiscal foolishness is this? Some Members may think this is a smooth and slick program but folks back home see this counterpart funds and food giveaway for the foolishness that it is. Any original sense in this program has long since disappeared it seems to me.

Folks back home do not agree that we should give India $2.2 billion, Poland $518 million, Yugoslavia $597 million, as we have done according to this report and bill. Indeed, the sums are undoubtedly larger than this.

Since we have embarked on programs like Public Law 480 we have seen the nations receiving aid turn against us, be neutral or at the most be luke-warm friends. All the while, we are going in debt more and more. We must stop subsidizing our enemies, we must stop aiding neutrals, we must stop bankrupting our Treasury, we must stop continuing and increasing our tax burden. In short, we must stop giving aid in this program or any program except on clearly defined guidelines of U.S. self-interest where we define the goals and we specify and police the rules. Only to pledged friends, who are matching our aid, do we extend financial help, none others need apply. Let us put our money where it will do the most good, in our military, in expenditures at home, and in strengthening our economy by cutting the debt and reducing taxes. Strong economically, strong militarily, we need fear no one or no combination of nations. But we must start today, now.

Mr. JOELSON. Mr. Chairman, I rise in support of H.R. 4728.

When millions of men, women, and children are hungry, how can we in decency deny them of our abundance.

It is disastrous to our foreign policy to pay warehousemen millions of dollars each year to store our surplus foods when human beings are literally starving. It is also disastrous to our consciences.

Let us advance a program of food for peace. Let us not hoard our bounty for the mice and rats when the hungry people of the world are crying for bread.

Mr. HOEVEN. Mr. Chairman, I ask unanimous consent that all Members have permission to revise and extend their remarks on the bill H.R. 4728.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HOEVEN. Mr. Chairman, I have no further requests for time.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960", and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

Mr. HOEVEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEVEN: Page 2, line 1, after the words "in excess of", strike out the figure "$3,500,000,000," and insert in lieu thereof the figure "$2,600,000,000,".

Mr. HOEVEN. Mr. Chairman, this amendment has been fully discussed in the general debate. It simply provides that the sum of money mentioned in the bill, $3,500 million, be reduced $900 million, in view of the fact that $900 million has not been justified, in my judgment.

This amendment is presented in good faith. Again let me point out that the Committee on Agriculture will soon act on the extension of Public Law 480 and at that time we will fully consider the extension of the program and all authorizations that are presented at that time. There are no authorizations at the present time which would justify an expenditure of more than $1.1 billion. And please remember that this only applies to the remainder of calendar year 1961. I hope we have not reached the point in this House where a Member is criticized and castigated for trying to save some of the taxpayers' money. Again I say, whenever proper justifications are forthcoming, I am ready to authorize the necessary money. But in view of the enormity of this program and the prospect that this program will ever grow larger, I think the time has come to stop, look, and listen and to review these authorizations as we go along and not issue any blank checks. I hope the amendment will be adopted.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first I want to say to the gentleman from Massachusetts who spoke a moment ago that if he will look at the report filed by the President on March 30, 1961, which I am sure is available, he will find that about 99 percent of the food and fiber exported under this program has come out of Commodity Credit Corporation stocks or has been exported instead of going into those stocks, so we have not been affecting the local market, as he indicates.

On the question of whether or not this $2 billion is needed, certainly if it is not needed we should not authorize it. If it is needed, then I think by all means we should authorize it. I have no way of knowing what the facts are other than the information furnished to us by officials of the executive branch of the Government with regard to the negotiations and consummations of contracts.

This information is in the letter we have signed by Orville L. Freeman, Secretary of Agriculture, addressed to the Speaker of the House, dated February 16, 1961, which transmitted to us the bill now before us. It was received by the Speaker of the House and the bill was sent to our committee. After consideration, our committee reported the bill.

As was pointed out by previous speakers, the retiring administration had fully committed just about all of the money available, $2.2 billion to one country, two-thirds of the money to India, 74 percent of it to three countries. Now that we have consummated and closed a 4-year contract with India, they are in the process of negotiating a billion-dollar 4-year contract with Pakistan. Are we going to hamstring this administration so that the Pakistan negotiations will have to be abandoned? Let me quote from Mr. Freeman's letter:

As you know, President Kennedy appointed a Food for Peace Committee to make an analysis of current legislative programs and report its findings and recommendations on how to shift from the concept of surplus disposal to utilization of our abundant food supply to help raise the living and nutritional standards of peoples here at home and abroad.

One other quotation from that letter:

Only a small amount of the current funds remain uncommitted. We are now in position in our programing where these remaining funds are becoming so limited that it may be necessary to inform foreign governments that their current requests may have to be deferred.

This means that they are now ready to close $1,250 million worth of transactions and in addition thereto they are considering a $600 million commitment to other countries. They are considering large agreement with Brazil.

I take the position that if this is a good program it ought to be continued. If it is a bad program it ought to be abandoned. Why should we insist upon a limitation upon this authorization when all of us want to get rid of these

commodities which are now hanging over our market?

I insist that this amendment which has been offered by my friend from Iowa will just cut the heart out of this bill. It will handicap and stop the activities under Public Law 480 and this present administration will be unable to carry on the food for peace program. I insist that we should follow the advice of the executive branch of the Government, which is charged with the responsibility of distributing the commodities we now have in such abundant supply.

Mr. WHITTEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I, like many others, sometimes use words interchangeably without making it clear as to what is what. I would like to point out again here that while reference has been made in letters and otherwise that the Commodity Credit Corporation is about out of money and has to have this legislation because of the shortage of money, that that is not what is intended.

This bill authorizes the Government to enter into agreements which commit this country to sell these commodities for foreign currencies, and this is not a matter of whether the CCC is about out of money or not. The money that this bill will require will come up in our appropriation bill later where we will have to appropriate to the CCC in capital impairment each dollar that the Government commits itself to under this bill. So this bill does not make money available but commits us to appropriate money later.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. COOLEY. I certainly have not suggested that the CCC was out of money. I merely suggested that the authorization available under Public Law 480 was limited to about $120 million or $150 million.

Mr. WHITTEN. That is right. The CCC has been about out of money. However, if the gentleman will bear with me that is exactly what I was pointing out. Under Public Law 480 what we do is authorize the Government to enter into contracts committing us in these programs which cost money. That is it exactly, and it does not have reference to whether they have money or not. They do have these commodities. But I am pointing out to you that any of these commitments, however sound, as a matter of foreign policy, the money end or cost of it will come later in the bill that our committee will have to present to you when you ask for appropriations to replace these funds.

I say again we all sometimes use these words interchangeably. They have just about exhausted the capacity to enter into contractual agreements which will lead to deficits in the CCC which we will have to appropriate funds for. The reason I am trying to make this plain is only a few weeks ago this Congress refused in a supplemental bill to restore the capital impairment of the CCC. In less than 6 weeks our committee will be here trying to get you to appropriate money to restore funds for these costs. I just want to keep the record straight so you will help us pick up the check.

Involved here is the question of authority to your Government to enter into these contractual obligations, and we will have to figure up the cost later. Involved is not the question of whether they have money or not. We will have to pick up the tab in a later appropriation bill. I make this statement in order that we might keep the record clear.

Mr. GROSS. Mr. Chairman, I move to strike out the next to the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I take this time to ask the chairman of the committee a question or two. I noticed an item on the teletype machine a few minutes ago that Defense Minister Mennon of India is buying transport planes from Russia. I wonder what our commitment is at the present time for giving agricultural products to India? Can the gentleman give me any information on the present status of that?

Mr. COOLEY. I am trying to make it perfectly plain that in May 1960, under the administration of President Eisenhower who was then President of our great Republic, commitments were made to India to the extent of $2.2 billion worth of our agricultural commodities in a transaction where we received 15 percent for our own use. We loaned them 42.5 percent, and we gave them 42.5 percent.

Mr. GROSS. What would you think the Indian Government is using to pay the Russians for these transport planes? Would you have any idea?

Mr. COOLEY. I do not know, and I do not see how that would apply to the committee or the Commodity Credit Corporation.

Mr. GROSS. Does the gentleman think we should continue to give food to India and when that Government turns around and buys planes from Russia?

Mr. COOLEY. I do not want to say it was unfortunate that we made this agreement with India. I said in my remarks that I was not wholly tied to the transaction, but that I was only telling what actually happened. If a mistake was made, I do not see how it can be charged to our Committee on Agriculture

Mr. GROSS. Will the gentleman agree with me that if we are going to continue to make this sort of deal with India or any other country it ought to be on a two-way street?

Mr. COOLEY. If the gentleman wants my personal opinion, I think it would be a good idea to have all these transactions resubmitted to the House Committee on Agriculture before they are consummated.

Mr. GROSS. You mean the State Department has not kept your committee informed?

Mr. COOLEY. Certainly not. I do not know that they are keeping anyone informed.

Mr. GROSS. They are not keeping anyone informed if they can help it.

Mr. COOLEY. May I say to my friend from Iowa that we had as much justification for this request as we had for the last request for $3 million.

Mr. GROSS. Would the gentleman think, in view of the startling success the United Nations has had in keeping down trouble in the world, stopping Communist aggression in Laos and the Communist takeover in Cuba, that we ought to turn our problems over to the United Nations?

Mr. COOLEY. No; I do not think we should turn them over to the United Nations.

Mr. GROSS. What about the Inter-Parliamentary Union?

Mr. COOLEY. We are doing a good job, I think, in the Inter-Parliamentary Union.

[Mr. HARVEY of Indiana addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise just in case there may have been a misunderstanding between myself and the distinguished chairman of the committee. I was suggesting that most of us understood this program as one that was moving the surplus commodities out of the bins of the CCC, and I mentioned that in many cases that was not the fact.

I understood the chairman of the committee to say that in some 99 percent of the cases it did come right out of the bins of the CCC. I would like to ask if that is a correct understanding, Mr. Chairman?

Mr. Chairman, I am asking whether in referring to my remarks he intended to say a very large percentage of these shipments under Public Law 480 were out of the bins of the CCC. Was that the point the chairman was making?

Mr. COOLEY. On page 8 of the report I referred to a statement indicating that 1,437 million bushels of wheat, feed grains, rice, cotton, tobacco, dairy products, poultry, dry edible beans, fruits and vegetables and 113 million pounds of meat had been shipped. What I meant to say was that about 99 percent of these commodities are surplus commodities. Commodities coming out of the bin is one thing. If they are bought on the market and prevented from going into the bin, that is another. I cannot see how the gentleman can complain that we used an estimated cost of $3,898 million for wheat. I do not know what the gentleman's complaint is.

Mr. CURTIS of Massachusetts. I was discussing whether this was moving surplus agricultural commodities out of the huge inventories we have accumulated. I understand the gentleman to say in many cases those are purchased on the market under the theory if they were not purchased on the market they would go into the bins of the CCC; is that right?

Mr. COOLEY. I am certain that is right, but a large part of it actually goes out of the bins.

Mr. CURTIS of Massachusetts. I hope the gentleman will tell us what

percentage goes out of the bins and what percentage is bought on the open market.

Mr. LATTA. Mr. Chairman, I rise in support of the pending amendment.

I support Public Law 480. I have always supported it here in the Congress. I think Public Law 480 has worked very well and has been received exceptionally well by the American people, especially the taxpayers. However, I feel if they are going to continue to accept this type of program in the future, we are going to have to spell out in more detail how the money is going to be spent. I do not believe we can use the argument successfully that we have used this open-end or back-door spending approach in the depressed areas bill and other bills and, as a consequence, we should use it in Public Law 480. The American taxpayer has the right to know that these funds have been justified. Certainly the Department of Agriculture did not justify this additional request for $900 million before our committee. Until such time as the Department justifies the request for the additional $900 million, we should hold the funds in abeyance. We should vote for the pending amendment, and when the Department comes forth with the facts justifying the additional $900 million, then we should act and not until then.

Mr. JONES of Missouri. Mr. Chairman, I rise in opposition to the pending amendment.

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, there has been a lot of talk here about saving a lot of money. I do not think you are going to save any money by adopting this amendment.

The fact of the matter is, most of us are acquainted with the fact that Public Law 480 was first inaugurated to bring about an orderly disposition of an over abundance of agricultural products, and to use them in a way that would be most helpful to this country, and of help to some of our friendly nations, nations with which we have cooperated.

Here today, we are seeing a political maneuver which, while wanting to cover errors that might have been made by a previous administration, is not justified. I am not going to be so kind as the committee report when it says: "While not condemning the Department for entering into this title I agreement," referring to the agreement with India, wherein the President authorized $2,200 million of the $3 billion authorization for India's needs. I am not objecting to the agreements that were carried on with India, although I think that the administration should have used better judgment, and should have at least permitted India to have made available to us some cash, some ores, and some other materials which could have been utilized under the title IV program, rather than to sell the commodities under title I for their local currencies, and then for us to give back 42½ percent of this money, and then loan them 42½ percent on a 40-year basis.

Now, we are going to continue to reduce our agricultural surpluses, and I think we should, because I think that in many cases the quicker we get rid of them the better off we will be and the less money we will spend in storage and carrying costs which amount to more than a billion dollars annually.

Now, what does the amendment actually do? It would actually hamstring this administration from entering into other programs with other countries, including the food for peace program. This administration has not been in power very long, and it takes time to work up some of these programs, and if we are going to adopt the amendment that is offered here today, I think that we are going to at least delay, and in many cases we might even prevent the carrying on of an operation which could be very helpful to us, particularly in the Latin American countries. This authorization here, of course, is to permit the movement of these commodities from storage into places where they can do some good. The previous administration obligated more than two-thirds of all the money that was available for the years 1960 and 1961 at one time, and now you are trying to cut off and to limit and to prevent the spending as it relates to the other commitments. Now, to say that you want to wait until we come in here with a firm, specific commitment to those countries, I do not think that we are being fair to those who are making these arrangements with the Latin American countries, and who would be restricted in making arrangements, if not firm commitments, which would be advantageous to the United States.

On page 9 of the report I find this statement:

Programs under development resulting from country requests, $1,250 million.

Now, that includes countries that have made requests for programs and whose requests are now being reviewed.

Then, in addition to that, we have this food for peace program for which we do not know exactly how much money it will take. You already have money invested in these commodities, and I think that we should utilize those commodities to the best of our ability, and I think we know that we are now in a position to use them.

Before I close, I want to call attention to one thing that the last administration did which really burned me up when I found out about it. Last year I was in the Middle East and I visited some of the refugee camps where we are taking care of 1.2 million refugees in Lebanon and Syria, on the Ghaza Strip and in Jordan, and I was amazed to find out that the United States was paying 70 percent of the cost of that program operated by UNWRA under the United Nations program. We are paying 70 percent. The United Kingdom is paying 18 percent of the cost, and the other members of the United Nations, exclusive of the Soviet bloc which is not paying any part of the cost, pay 12 percent of the cost, and yet they were using a part of that 70 percent that we were furnishing to buy wheat. Where? Not in the United States; from Canada, Australia, and other countries, and I say that an administration that permitted that to be done and not use the wheat instead of the money was just using very poor business judgment. We should in every instance use the resources which we have in the greatest abundance, and certainly we have more wheat than dollars.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. HOEVEN].

The amendment was rejected.

Mr. KYL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KYL: On page 2, line 6, insert the following:

"SEC. 2. Title I of such Act is amended by adding at the end thereof the following new section:

" '110. Notwithstanding any other provisions of law any country programs under development resulting from country requests shall henceforth be reviewed and approved by the Committee on Agriculture of the House of Repreesntatives and the Committee on Agriculture and Forestry of the Senate before being concluded.' "

Mr. KYL. Mr. Chairman, this matter has been amply argued already and the arguments in favor of the amendment have been substantially made. This amendment is offered for the sole purpose of giving the review to Congress, the lack of which has been decried at great length here this afternoon.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. KYL. I yield to the gentleman.

Mr. GROSS. Mr. Chairman, I am sure the gentleman from North Carolina will want to accept the amendment.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield, personally I would be glad to accept it, but I have no authority to accept it on behalf of the committee. Should we accept it at this moment, it would necessitate sending this bill to conference and delaying its passage. And while I am speaking, I should like to call attention to the fact that the Senate has already passed the bill, and if we can pass the bill as it is now, it is my purpose to ask unanimous consent to substitute the Senate bill and end the matter.

But I will say to the gentleman that we shall seriously consider this matter when we start consideration of the extension of Public Law 480, which we shall reach within the next few days in our committee. We might amend the suggestion to provide that commitments over a certain amount should be referred to these committees for their consideration. But I am sure that my friend from Iowa will agree that we should not delay action on this bill now that we have decided what we are going to do.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. KYL. I yield.

Mr. HOEVEN. In view of the Chairman's statement while we were in general debate under the 5-minute rule, that he thought this was a good idea, it was my feeling that he would be ready to accept this amendment.

Mr. COOLEY. I still think it is a good idea.

Mr. HOEVEN. May I say to the gentleman that as far as the minority are concerned, we are ready to accept it.

Mr. COOLEY. Mr. Chairman, I have not conferred with my colleagues on the majority and I am not in a position to accept it. I shall have to ask the membership to vote the amendment down with my assurance that we shall consider the matter within the next few days.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. KYL].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954 pursuant to House Resolution 262, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1027), to amend title I of the Agricultural Trade Development and Assistance Act of 1954, an identical bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 4728) was laid on the table.

CORRECTION OF RECORD

Mrs. GREEN of Oregon. Mr. Speaker, there were some typographical errors in a speech which appears in the RECORD of April 24. Because of the delicate and controversial nature of that speech, I ask unanimous consent that the following corrections be made in the RECORD:

On page 6232, second column, first paragraph of my remarks, "disconcerning" should be "disconcerting."

On page 6233, first column, line eight, put quotation marks around the phrase "they have a plan to make America safe for traitors."

On page 6233, second column, first line, the word "me" should be "men."

On page 6234, first column, line 15, the word "all" should be deleted.

On page 6234, second column, third paragraph, the phrase beginning "left-wing" and the rest of that sentence should be in quotation marks.

On page 6234, third column, second paragraph, the word "kell" should read "kill," and the quotation marks should be deleted.

The SPEAKER. Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

CORRECTION OF RECORD

Mr. IKARD of Texas. Mr. Speaker, on rollcall No. 41 I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

NEW JERSEY FAVORS FEDERAL AID TO EDUCATION

The SPEAKER. Under previous order of the House, the gentleman from New Jersey [Mr. THOMPSON] is recognized for 30 minutes.

Mr. THOMPSON of New Jersey. Mr. Speaker, a public opinion survey recently completed in New Jersey indicates that three-fourths of the adult residents of my State favor enactment of Federal aid to education legislation.

This poll was taken for me by the private polling organization John F. Kraft, Inc.

The survey showed that only 1 New Jerseyan in 10 is opposed to passage of the education aid program.

Because the Kraft firm's report on their study contains material which I believe will be of considerable interest to other Members, I include herewith a text of the report:

A REPORT OF ATTITUDES OF NEW JERSEY CITIZENS REGARDING THE PRESIDENT'S AID TO EDUCATION BILL

FOREWORD

This is a report of an analysis of the attitudes of New Jersey citizens with respect to the pending legislation regarding Federal aid to education.

During 1960 a series of surveys were conducted on the same general subject—how people feel about the needs of the public schools, teacher salaries, and Federal aid to education. In addition to a national probability-sample survey on these subjects, separate statewide surveys have been conducted in Arizona, Tennessee, Montana, West Virginia, Oregon, and Washington, to begin a list. This survey was designed to conform to, yet at the same time bring up to date, the reports of attitudes revealed by the previous research.

The analysis which follows is based on interviews with a carefully drawn cross section of 419 adults in New Jersey. The respondents were selected at random in accordance with standard statistical procedures which would insure proper representation of all groups in the population such as age groups, religious groups, people of varying nationality backgrounds, of different economic levels, and so on. The results which are reported in the succeeding pages of this report may be considered to be a representation of the attitudes of the entire voting population of the State of New Jersey.

Interviewing was conducted by principals of the Kraft firm or under their supervision during the first week of April 1961.

ANTICIPATING THE ANALYSIS

The succeeding analysis looks carefully into the attitudes of people in New Jersey and their concern with the problem of education (if it is a problem). It will be shown that these essential conclusions may be drawn:

Better than 3 out of 4 people want to see the President's school-aid bill passed; only 1 out of 10 people express opposition to it.

Close to 2 out of 3 people with children now attending parochial schools favor passage; only 1 out of 5 of the parents of parochial schoolchildren are opposed to passage.

The New Jersey public has a pretty good idea of the sources of aid to education, and Federal aid is last on their list.

Two out of three New Jersey adults feel that the Federal share is too little.

Nearly 2 out of 3 people in the State are opposed to the idea that Federal aid should go to parochial or private schools.

These conclusions are intended only as a preview to the complete analysis which follows, and cannot be taken as a substitution for the complete report.

THE ANALYSIS

Previous surveys have made it perfectly plain that parents, parents-to-be, and grandparents, can be very articulate and explicit about their attitudes regarding education for the youngsters. To help put the subject of education into focus, here are some verbatim remarks of New Jersey citizens. A retired teacher in Bergen County, a Catholic married to a Protestant, said this: "I knew about teaching, even if I haven't taught for 20 years since my husband started to do all right. I think that aid to education bill should be passed, but with certain stipulations. I'm a Catholic, but I don't think that the parochial schools should come into the law at all. My husband bends over backward and maybe he'd argue with me, but I taught history in the public schools, and it's against the Constitution. But I do think that the parochial schools should be able to get low-cost Federal loans. They're awfully overcrowded."

She by no means spoke for everyone. Some said "only for the public schools," others said "only if it's for everyone." A particularly eloquent expression was heard from another Catholic, a lawyer in Camden: "I pay taxes which support the public schools, and I pay separately to support the parochial school. The local public schools are crowded and the teachers are underpaid. The parochial school is overcrowded, too, and they haven't got a decent library.

"Now I've read a lot about the Nation's educational needs and how we're falling

Public Law 87-28
87th Congress, S. 1027
May 4, 1961

AN ACT

75 STAT. 64.

To amend title I of the Agricultural Trade Development and Assistance Act of 1954.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years."

Agricultural Trade Development and Assistance Act of 1954, amendment.
73 Stat. 606.
7 USC 1703.
68 Stat. 456.

Approved May 4, 1961.